ADDVALUE

BOUNDLESS CONNECTIVITY

DELIVERING FOCUSED SOLUTIONS AND SERVICES

ANNUAL REPORT **2023**

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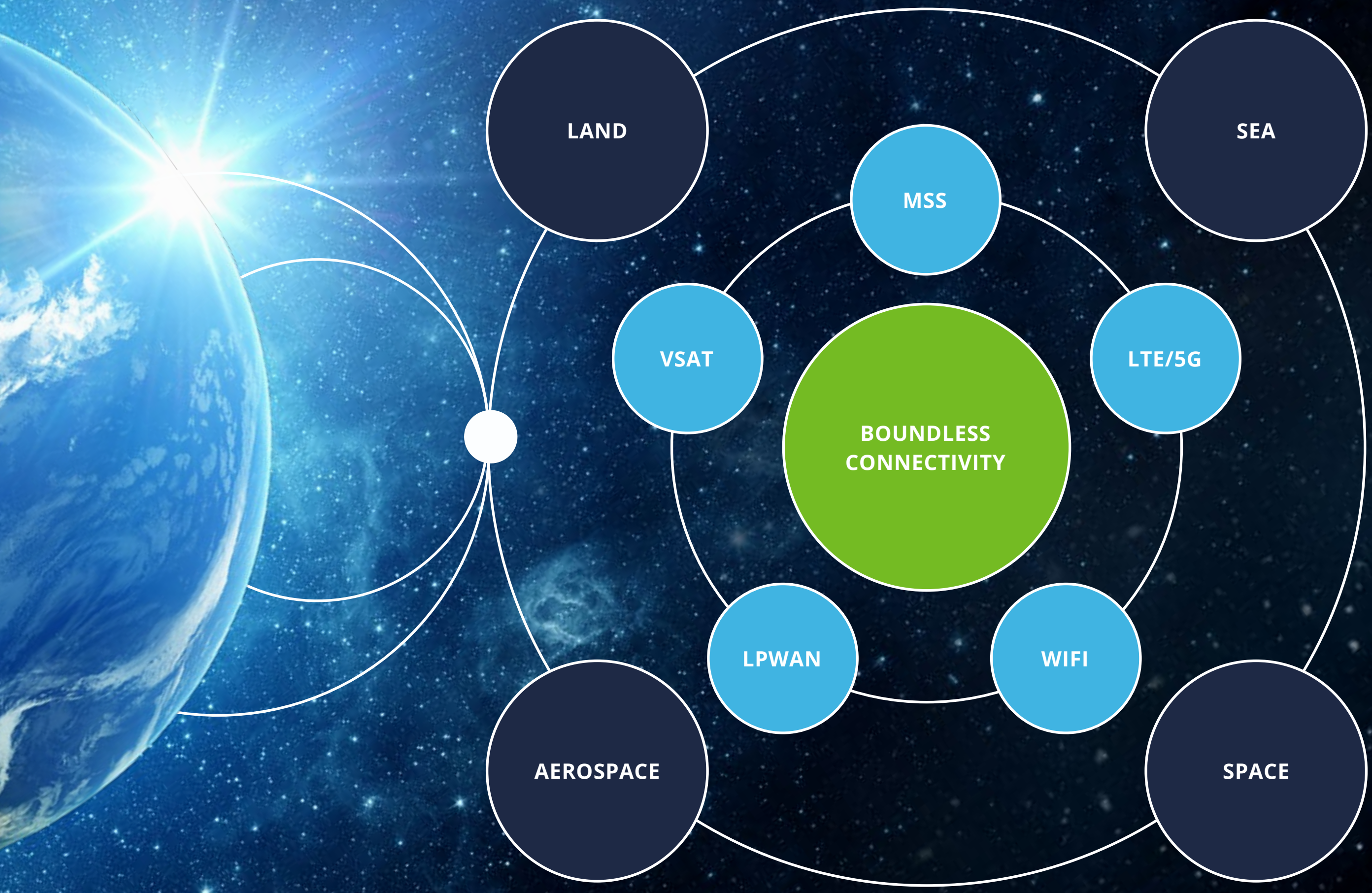


WE ENABLE COMPANIES TO UNLEASH THEIR REAL BUSINESS POTENTIAL BY HARNESSING OUR PRODUCTS AND SERVICES.

OUR PURPOSE:

Leveraging Communications Technologies to Boundless Connectivity

CORPORATE PROFILE

ABOUT ADDVALUE

Addvalue is a world recognised 'one-stop shop' communications technology products developer that provides state-of-the-art satellite-based communication and other innovative digital broadband products and solutions for a variety of connectivity for applications at seas, on land, on flight and even in space. Addvalue's technical competencies include Radio and Antenna Design, Embedded System Design, Software Defined Radio platform. Its customers include leading organizations in commercial, defence and space industries.

Addvalue's products and solutions revolve around the concept of 'Digital Connectivity as a Service'. In particular, Addvalue knows best to leverage satellite communications technologies for reliable, resilient, and smart connection, be it between people, between machines or between people and machines. These products and solutions, including the IoT, are ideal choices for communications in areas around the world where terrestrial networks are non-existent or ineffective.

Addvalue also offer customised design services, tailored to the unique needs of our customers, thereby enabling our customers to unleash their real business potential. Its comprehensive and proven capabilities in high quality product development and its depth of technical knowhow in sophisticated engineering projects have been highly regarded in the industry. This not only gives Addvalue tremendous competitive advantages to attract high value projects but also expand its opportunities into new and evolving markets that require the profile of its core competence.

In this regard, Addvalue has extended its advanced connectivity capabilities into the evolving aviation industry and the emerging and exciting industries of new space. Its embedded system design capabilities on software defined radio ("**SDR**") platforms, which are ideal for edge processing, are deployed to exploit the increasingly industrial demands for Artificial Intelligent ("**AI**")-centric applications of every description.

ONE-STOP SHOP DEVELOPER

STEP 01
Conceptualisation

STEP 02
Specification

STEP 03
Design & Development

STEP 04
Qualification & Market Trial

STEP 05
Commercialisation

TECHNICAL CAPABILITIES

Radio Design
- RF Transceiver and Front-End Design
- Antenna Design
- Digital Baseband Design
- Software Defined Radio

Embedded Design
- Drivers/RTOS /Middleware
- Web-based Interface
- Embedded Applications
- Network Management
- Edge Processing

Product Design
- Mechanical Design
- Industrial Design
- Hardware Design
- Environmental Stress/ Reliability Testing
- Regulatory Compliance

BUSINESS MODEL

Addvalue organises its business into the following segments as it grows its various revenue streams (comprising hardware sales, solution and airtime income as well as design service fee) along market opportunities driven by the new age of digital economies:

- Space Connectivity ("**SPC**") Related Business (Previously known as IDRS-Related Business)
- Advance Digital Radio ("**ADR**") Related Business (Previously known as RES–Related Business)
- Satcom Connectivity ("**STC**") Related Business (Previously known as IPS-Related Business)
- Strategic Design ("**SDS**") Related Business (Previously known as Design Engineering Services or Design-cum-Supply Business)

CHAIRMAN'S STATEMENT

Riding on the initial success of our business transformation plan, our strategy now is to focus our effort on two main engines of growth, namely the SPC-Related Business and the ADR-Related Business

RICHARD DENNY
Non-Executive Chairman

DEAR FELLOW SHAREHOLDERS

It is my pleasure to present my first report since assuming the role of Chairman with effect from 1 April 2023 from Dr Colin Chan, who has retired after serving at the helm of the Group for the past 29 years. On behalf of the Board of Directors (the "**Board**"), I present to you the Annual Report of Addvalue Technologies Ltd (the "**Company**") and its subsidiaries (the "**Group**") for the financial year ended 31 March 2023 ("**FY2023**").

FINANCIAL HIGHLIGHTS

The Group recorded a commendable 38% increase in revenue to US$7.5 million in FY2023 as compared to US$5.5 million in FY2022. The increase was mainly attributable to an increase in sales from our SPC-Related Business and our ADR-Related Business. During the year under review, our SPC-Related Business achieved a 21% growth in terminal sales from FY2022, even though the number of terminals sold was the same as that of FY2022. This increase in revenue, from US$2.9 million in FY2022 to US$3.5 million in FY2023 resulted from the sale of higher value terminals. In addition, our cumulative recurring airtime revenue from the provisioning of IDRS data connection services grew by approximately 51% from US$365K in FY2022 to US$550K in FY2023. Equally, our ADR-Related Business grew by a noteworthy 133% from US$1.2 million in FY2022 to US$2.8 million in FY2023. This reflected our continual development in improving our ADR products and yielded encouraging results.

To reiterate, as a result of our well-considered pivoting towards solution-centric business models in recent years, the monthly airtime subscription revenue from the SPC-Related Business is expected to grow in tandem with the increasing IDRS terminals being launched into space over the next few years.

REVENUE
US$7.5
million

SPC-RELATED BUSINESS REVENUE
US$4.0
million

NET ASSET VALUE PER ORDINARY SHARE
0.18 US cents
per Share

ADR-RELATED BUSINESS REVENUE
US$2.8
million

FINANCIAL POSITION

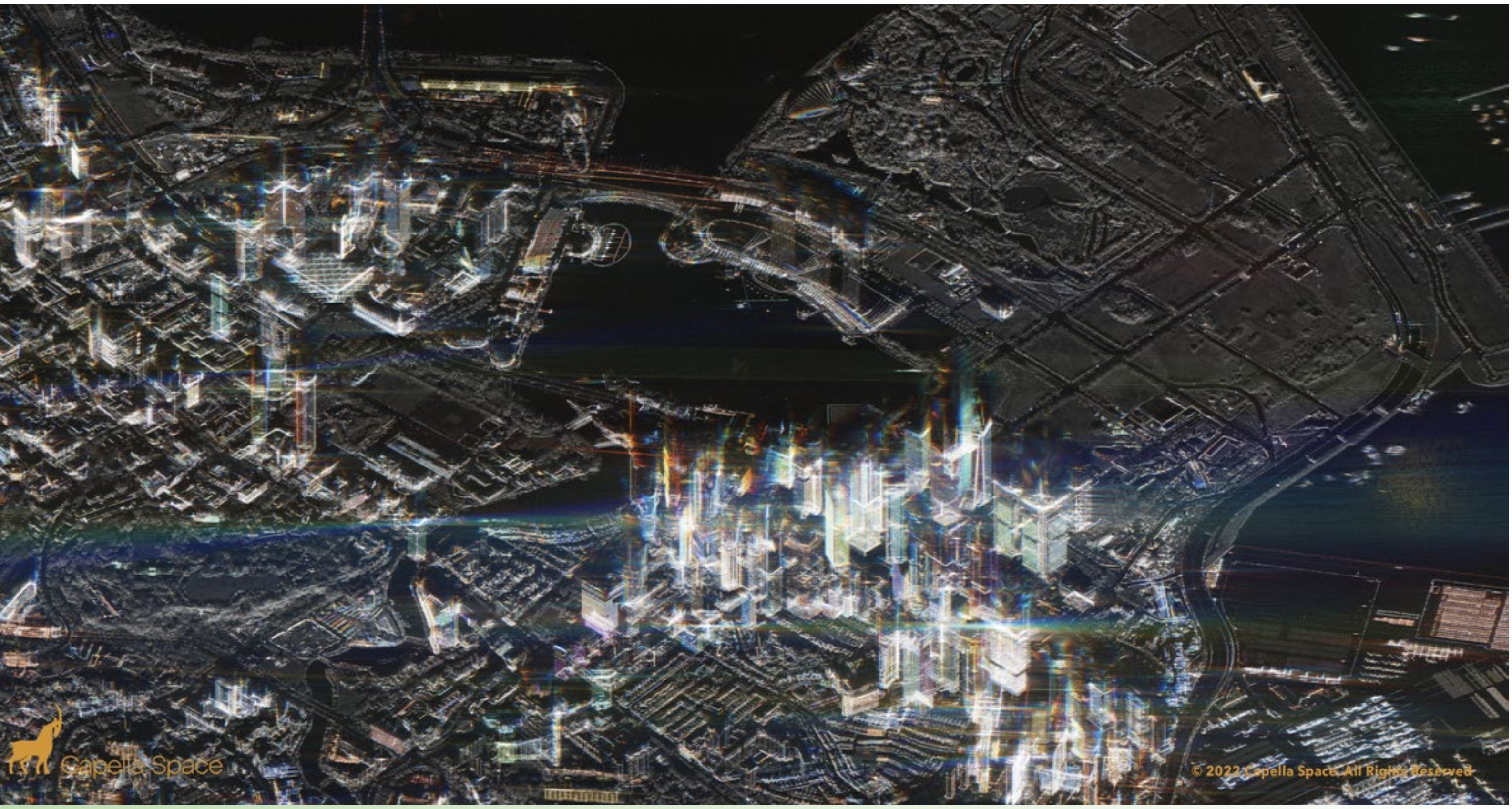
To strengthen the financial position of the Group and for working capital requirements, the Company completed a fund raising exercise to raise approximately S$2.0 million via the issuance of 135,120,000 new shares of the Company at S$0.0148 per share ("**August 2022 Placement**") and another $4.66 million via the issuance of Redeemable Convertible Bonds ("**RCB**") offered to all shareholders on a pro rata basis in August 2022 and November 2022 respectively. Together with the completion of the earlier placement exercises reported, the Company has issued a total of 717,430,117 new ordinary shares in FY2023 and improved our net asset value of the Group by US$3.4 million or 140.0%, from US$2.4 million as at 31 March 2022 to US$5.8 million as at 31 March 2023. The net asset value per ordinary share thus improved from 0.10 US cents per Share as at 31 March 2022 to 0.18 US cents per Share as at 31 March 2023. The fund-raising exercises have enabled the Company to retire the principal amount and interest accrued on a convertible loan note of S$3.45 million issued by the Company and subscribed by Mr. Paul Clark Burke on 6 August 2019, in addition to the retirement of other loans. These loan retirements have consequently reduced our Group's debt-to-equity from 239.0% as at 31 March 2022 to 73.2% as at 31 March 2023, as well as having reversed the Group's negative working capital position of US$4.94 million as at 31 March 2022 to a positive working capital position of US$2.2 million as at 31 March 2023.

LOOKING FORWARD

Riding on the initial success of our business transformation plan, our strategy now is to focus our efforts on two main engines of growth, namely the SPC-Related Business and the ADR-Related Business:

I. **SPC-Related Business (relating to our IDRS product and related services):**

   a. The traditional means by which Low Orbit Earth ("**LEO**") satellite operators have connected with their in-orbit spacecraft is via a number of ground station antennae positioned around the world and providing line of sight connectivity. Given that the fast-moving satellites provide a very limited connectivity window, measured in minutes, to any single point on earth, the LEO operator has traditionally required a large number of ground stations to provide extended periods of connectivity. This inherent design is thus costly to establish and to maintain over the long term, as well as being severely limited in functionality for the increasing reliance on constant and near real-time data. Today LEO satellite operators need much better data communications technologies to overcome such inflexible and expensive ground station architecture.



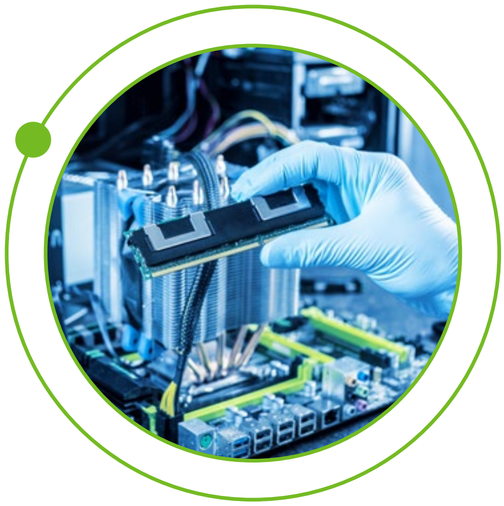
The view of Marina Bay Singapore from Space. Image courtesy of Capella Space.

b. Since making its commercial in-orbit debut with the launch of the first commercial LEO satellite from Capella Space in late 2020, the IDRS has been the only data communication solution capable of offering almost-real-time, always-on, anytime, any geographical place and bi-directional data connectivity services over the Inmarsat BGAN satellite network. With the rapid growth in the development and deployment of LEO satellites for almost every conceivable application and fuelled by global interests such as climate change, advanced communications needs, geopolitical events, strategic opportunities and commercial developments, we believe the IDRS is well poised to take full advantage of the potential of this new market segment of the space industry.

c. The range of IDRS customers that have been publicly announced with their consents have now been expanded to include, amongst others, such respected operators as Blacksky Global, Heron (formerly known as Analytic Space Inc), Synspective, Atomos Space and Astroscale. They represent a spread of LEO satellite technologies for a wide variety of space-based applications from earth observation to remote sensing to space-tug services and space debris management.

d. As at the time of this report, we have an order book of some US$3.7 million and a pipeline of sale leads with high confidence of a further US$3.6 million.

e. Notwithstanding that only two further satellites equipped with IDRS were launched in March 2023, our recurring airtime revenue from the provisioning of IDRS data connection services grew by 51% from US$365K in FY2022 to US$550K in FY2023. Based on our current understanding of our respective customers' launch programs and their launch service providers such as SpaceX, Rocket Lab and PSLV, we estimate at least 12 units of the IDRS flight terminals will be launched over the next 12 months. The new launches will add to the recurring airtime revenue from our provision of data connection services. Therefore, we expect an accelerated growth for both IDRS terminals and recurring IDRS airtime revenue over the next 12 months.



II. ADR-Related Business (relating to the sales of our reconfigurable embedded hardware solutions developed for software defined applications which also includes Software Defined Radio ("SDR"))

a. Over the past years the development of several SDR modules under various contracts with our partners, including a large local technology company, has paved the way for our supply of such modules to generate this new stream of revenue. The contract of S$3.6m with an optional purchase of S$1.6m was awarded in Feb 2022 (refer to our SGX Announcement dated 15 February 2022). We have also received new design contracts which shall be the enablers for subsequent supply revenue, with some of the developmental work likely to be completed within FY2024.

b. The ultra-high-quality standard demanded by our clients and the challenges in managing the supply chains and manufacturing processes have collectively elevated the overall capabilities of our company in managing the supply chain and in manufacturing such ultra-high-quality products. With the successful deliveries of the products, we are confident of receiving repeated purchase orders from the same client. With this strong credential, we are now attracting new customers with similar quality demands for our design and supply services.

c. Since the successful launch of the ADRS1000™ module, a state-of-the-art 16-channel Direct Sampling re-configurable wireless System-on-Module (SOM), we successfully shipped and fulfilled customers' orders in anti-drone and smart RF sensing industries. While we continue to receive orders from these industrial segments for delivery in FY2024, we are also ratcheting up our sales and marketing efforts to address new market opportunities from other industries, where highly complex software defined applications are now moving.

d. As at the time of this report, we have an order book from ADR-Related Business including new design and supply contracts of some US$3.0 million and a pipeline of sale leads with high confidence of some US$5.0 million (these include optional orders of approximately US$1.3 million).

SUMMARY

We have a current total order book of more than US$7.7 million and a pipeline of sales leads with high confidence amounting to approximately US$11.1 million (this includes optional orders of around US$2.1 million) to be fulfilled within the next 24 months. Barring any unforeseen circumstances, we expect the Group will perform significantly better in its revenue in FY2024 relative to FY2023 and are confident that the growth trend will continue for the next 12 - 24 months.

A WORD OF THANKS

First of all, on behalf of the Board, I would like to thank Dr Colin Chan Kum Lok, who has retired on 31 March 2023, for his leadership and invaluable contributions as Executive Chairman (and previously as Chairman & Chief Executive Officer) over the past 29 years. Of particular note is the work undertaken by Dr Chan in helping the Group to successfully navigate unprecedented times and challenges as well as in transforming the Group to become a global leader in providing near real time and on demand connectivity services in the LEO satellite industry.

I would also wish to express my utmost and sincere appreciation to our much cherished management and staff for their unyielding hard work, contributions, commitment and dedication. I would also like to say a big thank you to our valued partners, suppliers and customers for their strong and unrelenting support over the years. My earnest gratitude is also extended to my fellow Directors for their invaluable contributions and guidance in helping the Group to meet and overcome the many challenges over this past year.

Last but not least, I would like to thank you, our steadfast Shareholders, for your patience and trust, as well as for standing by us through these past years. I look forward to your continued support in helping us all to realise the success we are striving for throughout FY2024 and beyond.

RICHARD J DENNY
Non-Executive Chairman

FINANCIAL REVIEW

TURNOVER

The Group continue its business expansion journey and registered a turnover of US$7.5 million in FY2023, an improvement of more than US$2 million from the FY2022's turnover of US$5.5 million, a commendable 38% growth in revenue. The increase was mainly attributable to increase in sales from ADR-Related Business and SPC-Related Business. SPC-Related Business delivered 19 IDRS terminals during the year under review, with more than half delivered in 2H2023. We also see a growth of more than 100% achieved for ADR-Related Business in FY2023 over FY2022 with about 80% of the revenue in 2H2023.

PROFITABILITY

The Group recorded a gross profit of US$3.6 million against a gross profit margin of 47.6% for FY2023 compared to a gross profit of US$3.8 million against a gross profit margin of 69.2% for FY2022.

The lower gross profit margin in FY2023 was attributed principally to the delivery of more low yielding products in FY2023 relative to FY2022. The lower gross profit for FY2023 was principally due to the diminished profit margin of some of the STC products that are coming to their end-of-life.

The selling and distribution expenses of the Group increased by US$319,000 or 100.6% from US$317,000 in FY2022 to US$636,000 in FY2023 due mainly to new marketing initiatives, including additional marketing and overseas travelling expenses incurred for participation in overseas exhibitions and sales trips since the opening up of air travel in April 2022.

The administrative expenses of the Group increased from US$2,442,000 in FY2022 to US$2,950,000 in FY2023 due primarily to increased legal and professional service expenses incurred on corporate activities as well as higher manpower costs and related expenses as a result of increased headcount in the quality and operational area, in gearing up for new processes in the SPC and ADR-Related Businesses of the Group.

The other operating expenses increased by US$586,000 or 25.7% from US$2,275,000 to US$2,861,000 mainly attributed to the increased in office expenses incurred, increased GST and withholding taxes incurred for certain corporate expenses and loans payable incurred by the Company, and the fair value loss on quoted equity instrument and RCB in FY2023.

In FY2022, the Group made a US$6.0 million loss allowance on a trade receivable while only a loss allowance for other receivable of US$41,000 was provided in FY2023.

The other operating income of the Group in FY2022 was mainly related to gain from extinguishment of convertible loan notes, fair value gain from quoted equity instrument and government grants while in FY2023, the other operating income of the Group consist of mainly government grants received.

The lower finance expenses incurred by the Group in FY2023 was attributed mainly to lower borrowings following the settlement of most of the Group's FY2022 outstanding loans with the funds raised from placement exercises in 1HFY2022, offset by new finance expenses incurred for the new loans acquired in 2H2023, including the S$4.66 million RCB which was completed in November 2022.

Consequence to the above, the Group has significantly reduced its net loss to US$3.0 million in FY2023 compared to a net loss of US$8.0 million in FY2022.

Review of financial position as at 31 March 2023 (relative to that as at 31 March 2022)

LONG-TERM ASSETS

The increase in property, plant and equipment of the Group was attributed mainly to purchase of certain new lab equipment required to cater for new in-house processes for the new business expansion.

The intangible assets relate mainly to the development expenses incurred (net of amortisation and impairment) as the Group continues to develop its proprietary technologies and products, including its space resilient technologies and new spin-off products and services. The decreased was due mainly to lower development expenses incurred in FY2023 following the completion of most of the projects, abeit further impairment of certain development expenses and the commencement of amortisation of part of the completed space resilient projects.

During the year, the Company invested additional capital of US$7.5 million in one of its subsidiaries via capitalisation of amount due from that subsidiary company. This increase was off-setted by further allowance for impairment losses of US$8 million.

CURRENT ASSETS

The increase in inventories was attributed mainly to the purchase of materials for the fulfilment of outstanding customers' orders, especially from the ADR-related business.

The increase in trade receivables was due to sales towards the end of FY2023 while the decrease in other receivables, deposits and prepayments was due to the lower prepayments to suppliers.

The decrease in other investment was due to the recognition of the fair value loss arising from the Company's other equity investment as at 31 March 2023.

CURRENT LIABILITIES

The increase in trade payables were attributed mainly to higher inventories carried to support the higher sales volume deliveries towards the year end.

The decrease in other payables and accruals were attributed mainly to the settlement of amounts due to directors of the Company and staff during FY2023.

The increase in provisions was due mainly to the higher provision for Directors' fees for FY2023 arising from the increase in the number of directors.

The decrease in borrowings was attributed principally to loan settlements during FY2023, including the full settlement of the 2019 Convertible Loan Notes.

The decrease in lease liabilities was due to the payments during the year.

The decrease in contract liabilities, which relate to advances and deposits from customers, was mainly due to fulfilment of deliveries during FY2023.

The non-current borrowings consist of the Redeemable Convertible Bonds ("**RCB**") issued in November 2022 which will mature in 5 years.

The decrease in deferred tax liabilities was due to the lower tax liabilities resulted from lower development expenditure incurred during FY2023.

The increase in Share Capital was due to the allotment of 717,430,117 new ordinary shares pursuant to Placement, Warrants and Optional Subscriptions Rights exercised in 1H2023 and the allotment of 117 new shares pursuant to the conversion of RCB.

The movement in capital reserve was due to the reversal of the equity portion of the convertible loan notes upon full settlement.

Consequence to the above:

1. The debt-to-equity of the Group (defined as the ratio of all interest-bearing loans of the Group to the shareholders' fund of the Group) decreased from 239.0% as at 31 March 2022 to 73.2% as at 31 March 2023;

2. the working capital position of the Group was reverse from a negative working capital of USS$4.94 million as at 31 March 2022 to a positive working capital of US$2.22 million as at 31 March 2023;

3. the net cash flow of the Group reversed from cash generated from operation of US$0.4 million in FY2022 to cash used in operations of US$2.7 million in FY2023, of which was substantially covered by cash generated from financing activities in FY2023; and

4. the net asset value of the Group improved by US$3.4 million or 140.0% from US$2.4 million as at 31 March 2022 to US$5.8 million as at 31 March 2023 while the net asset value per ordinary share improved from 0.10 US cents per Share as at 31 March 2022 to 0.18 US cents per Share as at 31 March 2023.

OPERATIONS REVIEW

THE GROUP ACHIEVED THE FOLLOWING KEY OPERATIONS MILESTONES (BY BUSINESS SEGMENTS) DURING FY2023

Key operations milestone attained in FY2023

IN RESPECT OF THE Y (“SPC”) RELATED BUSINESS

(Previously known as IDRS-Related Business)

1 JUN 2022

Joint press release with Synspective Inc., a SAR satellite data and solutions provider, to enable urgent delivery of high-quality imagery in challenging disaster environments. The collaboration will leverage Addvalue's innovative IDRS implemented over Inmarsat's world-leading ELERA satellite network.

2 JUN 2022

The Company identified Synspective Inc. as one of the nine existing IDRS customers of the Group.

6 JUL 2022

Joint press release with Inmarsat and Atomos Space, a privately funded in-space transportation company, to enable orbital transfer vehicles that relocate LEO satellites and provide flexible terrestrial logistics in orbit. The collaboration would leverage Addvalue's IDRS terminal operating over Inmarsat's ELERA GEO satellite network.

7 JUL 2022

The Company has secured a new order and identified Atomos Space as one of the tenth existing IDRS customers of the Group.

1 AUG 2022

The Company has secured a new order from one of its existing IDRS customers and updated their IDRS terminals supply agreement with confirmed orders of more than US$1.3 million and optional orders of up to US$3.7 million.

10 AUG 2022

Joint press release with Loft Orbital, a provider of Space infrastructure as a Service, to offer rapid, secure and simplified access to space, enhanced by always available end-user access with their IDRS terminals and also identified Loft Orbital as one of the Group's existing 10 IDRS customers.

10 AUG 2022

Joint press release with IQ Technologies for Earth and Space GmbH (IQ spacecom) and entered into a memorandum of understanding for the development and marketing of the Inmarsat ELERA based InCommand service.

15 DEC 2022

Joint press release with Astroscale, a market leader in satellite servicing and long-term orbital sustainability, to use its IDRS technology for Astroscale to deliver a commercial debris removal or End of Life service to satellite operators.

16 FEB 2023

Joint press release with Inmarsat and Blacksky, a real-time geospatial intelligence company, to include IDRS terminal in its next-generation satellite design to accelerate Earth Observation operations and also identified Blacksky as one of its previously unnamed IDRS customer.

THE GROUP ACHIEVED THE FOLLOWING KEY OPERATIONS MILESTONES (BY BUSINESS SEGMENTS) DURING FY2023

Key operations milestone attained in FY2023

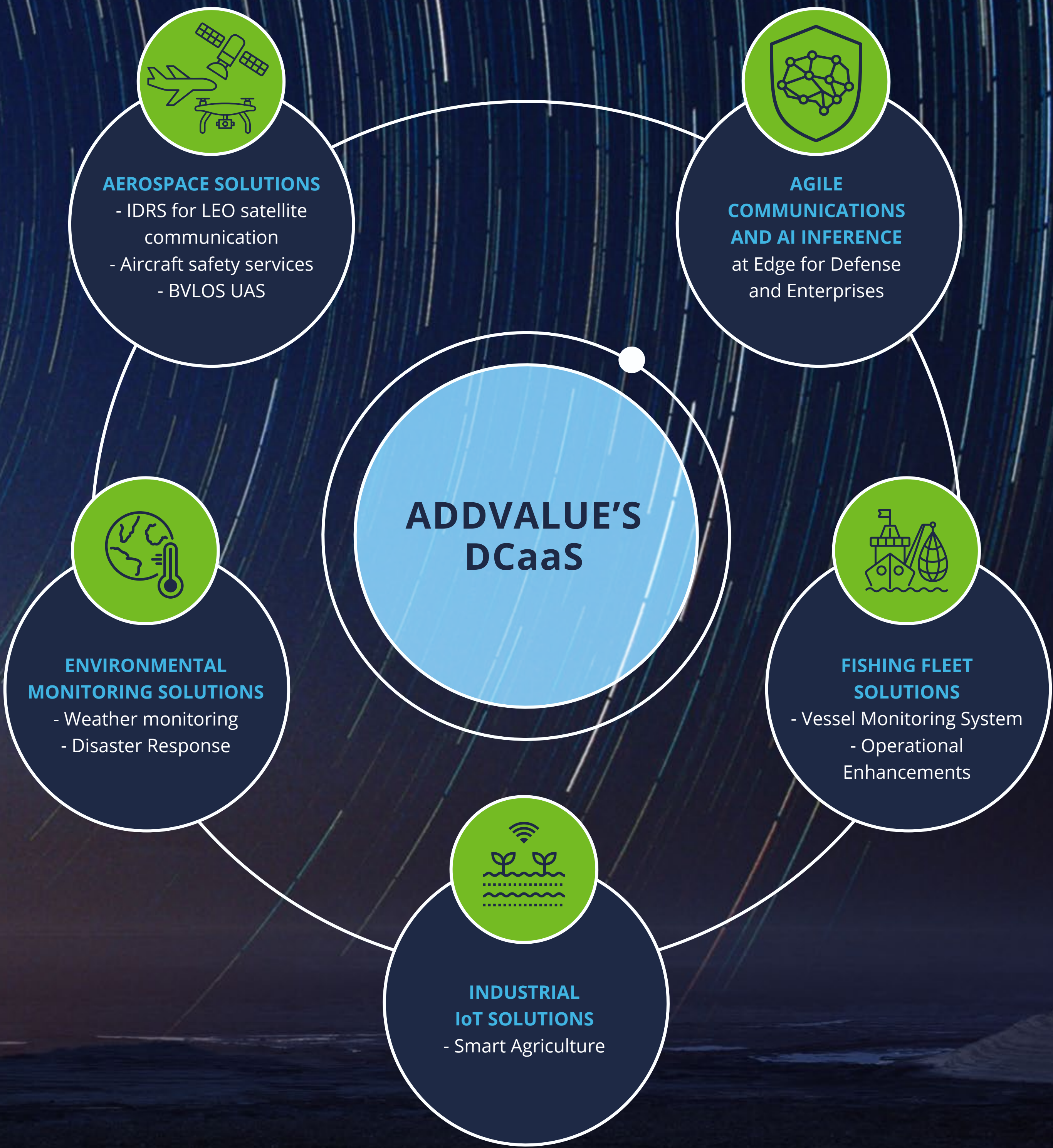
IN RESPECT OF THE ADVANCE DIGITAL RADIO (“ADR”) RELATED BUSINESS

(Previously known as RES–Related Business)

1 SEP 2022

Joint press release with Avnet and AMD-Xilinx to start rolling out its ADRS1000, a state-of-the-art 16-channel Direct Sampling reconfigurable wireless System-on-Module (SOM) to target emerging sectors like the 5G, mobile satellite and optimally designed for counter drone market.

ADDVALUE'S DIGITAL CONNECTIVITY AS A SOLUTION



BOARD OF DIRECTORS

MR RICHARD J DENNY

Independent and Non-Executive Chairman

Mr Denny was appointed to the Board on 1 May 2018 and serves as an Independent Director of the Company. On 1 April 2023, he was appointed as Non-Executive Chairman following the retirement of Dr Colin Chan Kum Lok, former Executive Chairman of the Group. Mr Denny is also the Chairman of Risk Committee. Mr Denny, an Australian national, has had over 40 years of experience in the space and satellite sector. Mr Denny joined Inmarsat in 1988 and held a range of positions spanning across the technical and operational functions of Inmarsat before he retired in 2012. From 1998 to 2008, he held the position of Vice President of Satellite and Network Operations, 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. In 2009, Mr Denny assumed a new role in spear heading the engineering activities across Inmarsat, ranging from new product and service development to systems engineering, of noteworthy mention were the engineering activities in connection with Inmarsat's new IsatPhone Pro hand-held satellite phone. From 2006 to 2012 and in conjunction with his operational and engineering responsibilities at Inmarsat, Mr Denny was appointed as the President Commissioner of PT ISAT, a new satellite business established by Inmarsat in Batam, Indonesia to expand the engineering and operational functions of Inmarsat in the Asia region.

Prior to joining Inmarsat, Mr Denny was with AUSSAT (now OPTUS) in Australia, and was tasked to establish the company's satellite control facilities and its subsequent launch and in-orbit operations of its first generation satellites.

Before his stint with AUSSAT, Mr Denny held various positions in the satellite control and satellite communications field with the Overseas Telecommunications Commission (now part of Telstra), an Australian international communications carrier. These roles primarily involved satellite launch and in-orbit support activities for Intelsat and the European Space Agency.

MR TAN KHAI PANG

Chief Executive Officer

Mr Tan, one of the co-founders, has over 30 years of experience in product development and management in the field of telecommunications, with primary focus on satellite communications product development and strategic business management. He is instrumental in re-shaping Addvalue's strategic focus, re-directing new development efforts and sharpening the organizational capabilities for the successful business transformation. Prior to his appointment as Addvalue 's CEO in January 2022, Mr Tan was the Chief Operating and Technology Officer where he focused on pivoting the company businesses to new growth markets for digital connectivity solutions, particularly in space, satcom and software defined radio industries.

Mr Tan graduated from the University of Knoxville, USA with a Bachelor of Science Degree in Electrical Engineering with Highest Honours. He holds a Master of Science Degree in Engineering (Telecommunications) from the University of California, Los Angeles Campus, USA.

MS GOH LIANG CHOO

Independent and Non-Executive Director

Ms Goh Liang Choo was appointed to the Board on 10 November 2022 and serves as an Independent and Non-Executive Director of the Company. At present, Ms Goh is the Chairman of the Audit Committee. Ms Goh brings with her more than 35 years of management experience from her career in Shell (International), UBS Warburg (London), General Electric Company (USA) and Ernst and Young (Singapore). She has deep expertise in diverse areas including board directorships, joint ventures governance, acquisitions and business integrations, process and business transformation, risk management, business planning, financial management and external audit.

Ms Goh holds a Bachelor of Accountancy from National University of Singapore. She is also a member of the Institute of Singapore Chartered Accountants and an Ordinary Member of the Singapore Institute of Directors.

Ms Goh's deep professional expertise, ethical values and commitment to corporate governance make her an invaluable asset to the company, contributing to its strategic direction and long-term growth. Ms Goh is also the first female director for the company.

MR WONG MING GHEE, BERNARD

Independent and Non-Executive Director

Mr Bernard Wong was appointed to the Board on 29 Sep 2021 and serves as an Independent Director of the Company and the Chairman of the Nominating and Remuneration Committee. Mr Wong brings with him considerable experience and expertise particularly on business leadership and succession planning. Mr Wong was the Asia Pacific Region Head of The Lubrizol Corporation, a Berkshire Hathaway company, for 10 years before his retirement in 2018. His 36-year career in the petroleum and chemicals industry with Mobil, BP and Lubrizol, included 19 years based in China. Mr Wong's areas of expertise include business leadership, navigating the China market, strategy, corporate turnaround, joint venture and integration/change management, organisation & leadership development, and sales & marketing. He is currently also an Independent Director of Omni-Plus System Ltd., listed on the Tokyo Stock Exchange, an Executive Coach with Marshall Goldsmith Coaching for CEOs, business owners, executives and teams. Mr. Wong is also a Sr. Associate in Decision Processes International (DPI) Asia, which specializes in critical thinking processes that help organizations transform the way they conduct their businesses. He is also an adjunct lecturer with Singapore Polytechnic's Professional & Adult Continuing Education (PACE) Academy.

Mr Wong graduated with a Bachelor of Science degree in Mechanical Engineering with First Class Honours from University of Strathclyde, UK in 1981. He holds a Masters of Business Administration from Nanyang Technological University in 2014, during which he also completed the Advanced Management Program between University of California, Berkeley Haas School of Business and Nanyang Business School. In 2022, he gained the Advanced Certificate in Learning & Performance (ACLP) from the Institute for Adult Learning, SUSS.

MR PAUL C BURKE

Non-Independent and Non-Executive Director

Mr Paul C Burke was appointed to the Board on 29 September 2020 and serves as a Non-Executive Director of the Company. Mr Burke, an American citizen, is a businessman and entrepreneur with over 25 years of experience in the aviation industry. He is currently the CEO and Director of Konnectronix, Inc. (f/k/a Telefonix, Inc.), a company he founded in 1989, which now focuses on product design and manufacturing for the e-mobility market following the sale of the company's aerospace assets in December 2017. He is also the Company Secretary and Director of Vanguard Protex Global, Inc.

Mr Burke graduated with a Bachelor of Business Administration major degree (with Engineering as a minor degree) from University of New Haven, Connecticut, USA in 1973.

MR CHUA CHWEE KOH

Non-Independent and Non-Executive Director

Mr Chua was appointed to the Board on 1 Jan 2022 and will serve as a Non-Executive and Non-Independent Director of the Company. At present, Mr Chua is the Chairman of Board Exco Committee. Mr Chua Chwee Koh brings with him a wealth of experience having spent 17 years with Certis CISCO in leading and transforming the business. He played a key role in integrating operations & technology in the security business and was leading the digital transformation in the last three years. Prior to joining Certis CISCO in 2004, Mr Chua served 22 years in Singapore Armed Forces and retired with the rank of Brigadier General. In addition, he is also a Director of Raffles Education Corporation Ltd, listed on the Singapore Stock Exchange, a member of Audit Committee of Dementia Singapore (charity), a council member at the RHT G.R.A.C.E. Institute, a Senior Advisor in Focus Digitech Pte Ltd and an Individual Consultant for A.T. Kearney Saudi Arabia Limited.

Mr Chua graduated with a Bachelor of Science – BS, Mechanical Engineering & Economics with First Class Honours from University of Birmingham in 1985. He holds a Master of Public Administration from Harvard University and also completed Advance Management Program by Harvard Business School.

KEY MANAGEMENT

MR. RICHARD LAU

Chief Commercial Officer

Mr. Lau joined the Group in January 2022 as SVP, Commercial & Marketing and was appointed as Chief Commercial Officer on the 1 February 2023. Mr Lau will assist the Chief Executive Officer in the overall commercial and operations of the Company and its subsidiaries which includes developing, establishing and implementing the Group's business development and operating policies and business plans.

Prior to joining the Group, Mr. Lau held senior leadership positions at some of Singapore's leading companies, across a span of 25 years where he spent 13 years at Certis CISCO Security Pte Ltd, Singapore's largest security company, heading Group Marketing and Communications and led various brand transformations including the group's branding and the launch of its cyber security business. He also spent 12 years in Singtel Ltd, one of the region's largest telecommunication companies. He held senior management roles in Singapore and overseas, including Director of Satellite Service.

Mr. Lau graduated from National University of Singapore with a degree in Business Administration majoring in Marketing. He also holds a Masters in Management of Information Systems from Institut National des Telecommunications in Paris.

MR TAN JUAY HWA

Project Director

Mr Tan, one of the co-founders, has over 30 years of experience in communications design, proprietary software technology development for communications products and product development management. In 2016, with the view to reinforce the independence of the Board, Mr Tan has decided not to seek for re-election as Executive Director of the Company, but will remain as a Director of the Group's wholly-owned subsidiary, Addvalue Communications Pte Ltd and Revere Space Inc. and continue to hold a key management role heading the Project Management team. For the past 20 years, his primary focus was on project management for satellite communication products.

Mr Tan holds a Diploma in Electronics from the Ngee Ann Polytechnic and a Master of Business Administration Degree from the Open University, United Kingdom.

MR. FRANCIS LOW

Chief Technology Officer

Mr Low joined the Group in 2002. From 2006 to 2014 he had worked in various industries from defense, automobile to consumer electronics. Mr Low is appointed the Chief Technology Officer in February 2023, Mr Low will assist the Chief Executive Officer in the overall operations of the Company and its subsidiaries which includes developing, establishing and implementing the Group's technology roadmap.

With more than 20 years of experience in designing digital wireless communications systems and satellite communications for both fixed and mobile satellite terminals and having been involved in many research and development projects and also well versed in many aspects of technologies, including (FPGA) Field Programmable Gate Array, ASIC (Application Specific Integrated Circuit), digital signal processing, RF (Radio Frequency) and Microwave, Mr Low is also responsible for identifying future technology trends and exploring strategic collaboration opportunities with research institutes and industries.

Mr Low graduated with a MSc in Electrical Engineering with specialization in wireless communication from the Nanyang Technological University.

MS. CHOW CHOI FUN, JACKIE

Financial Controller

Ms Chow, joined the Group in 2010. She is responsible for the accounting, financial, secretarial and tax related matters of the Group. She is in the accounting profession for more than 29 years with more than 21 years working experience in Singapore listed companies. Prior to joining the Group, she was the Financial Controller of a SGX Main Board listed marine company from April 2007 to July 2010 and was the General Manager – Finance of a SGX Main Board listed electronic company from February 2006 to March 2007 and the Corporate Finance Manager of another SGX Sesdaq listed electronic company from July 2002 to January 2006. Ms Chow is a Fellow Member of the Association of Chartered Certified Accountants and an Associate member of the Institute of Singapore Chartered Accountants.

MR. K. KALAIVANAN
Head of Solutions & Managed Services

Mr Kalaivanan joined the Group in 1996 and specialises in telecommunications software development, especially in the area of wireless communications and networking protocols. He managed the software design team of the Group in development of the Inmarsat BGAN satellite terminal projects. Since 2016, Mr Kalaivanan focuses on developing proprietary value added solutions, including IOT, vessel monitoring and managed networking services which enable the Group to generate recurring service income from subscriptions of these solutions and airtime services.

With more than 33 years of experience in the telecommunications industry and in product development and project management, especially in wired and wireless communications products, he has been involved in various research and development projects and co-authored a few patents for the Group.

Mr Kalaivanan graduated from Annamalai University, India with a Bachelor of Engineering (Hons) Degree in Electronics and Instrumentation. He also holds 2 Masters Degrees, one in Master of Engineering (Hons) in Instrument Technology from Madras Institute of Technology, Anna University, India and another Master of Science in Communications Software Management, specialised in Data Communications and Networking Software, from the University of Essex, UK.

MR. E.M.L. EKANAYAKE
Head of Product Development

Mr. Ekanayake has been an integral part of our Group since 1996. With over 28 years of experience, he specializes in electronics hardware design. Mr. Ekanayake's expertise spans various domains, including analog and digital wireless communications product development, product management, and project management.

During his tenure as the head of the hardware development team, Mr. Ekanayake successfully led the design efforts for numerous electronics hardware solutions. Notably, he played a pivotal role in designing the electronics hardware for several Inmarsat and Thuraya satellite communication terminals.

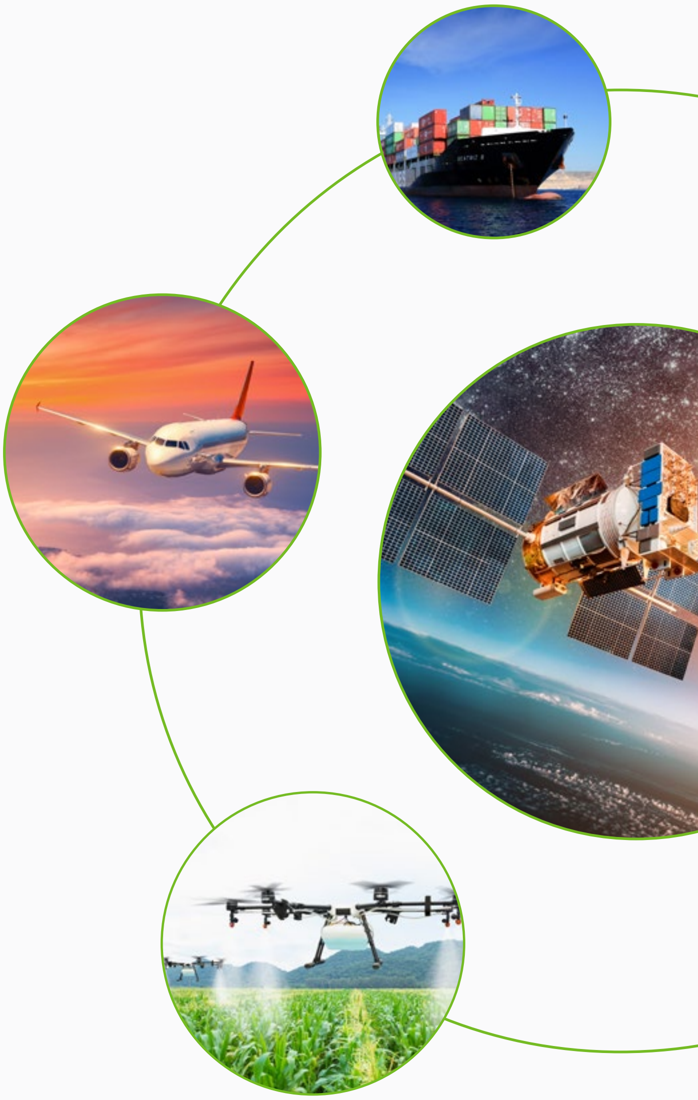
Furthermore, Mr. Ekanayake has actively participated in the design and development of tracking, navigation, and remote monitoring products. Leveraging his knowledge in Satcom, Cellular, GNSS, and LPWAN technologies, he has played a key role in creating innovative solutions that enable efficient tracking, seamless navigation, and remote monitoring capabilities.

Mr Ekanayake graduated from the University of Peradeniya (Sri Lanka) with a Bachelor of Science (Hons) Degree in Engineering and holds a Graduate Diploma in Information Communication Technology from Nanyang Technological University.

MR. CHONG KIM HO
Head of Software Engineering

Mr Chong joined the Group in 2005 and leads the Group's software development team as well as the IT department. With more than 18 years of experience in embedded software design and developments, especially in the area of telecommunications, networking protocols, embedded security, software defined radio and machine learning for data analytics, he has been, since 2019, involved in managing and leading the software developments for various research and development projects. In January 2023, Mr Chong is also put in charge of overseeing the Group's IT and security infrastructure and implement process to mitigate cybersecurity risk.

Mr Chong graduated from University of NEWCASTLE, Australia with a Bachelor of Engineering in Telecommunication Engineering (Honours Class 1). He also holds a diploma in Electronic & Computer Engineering and an advanced diploma in Data Communication & Networking from Ngee Ann Polytechnic, Singapore.



GROUP STRUCTURE

- ADDVALUE TECHNOLOGIES LTD (SINGAPORE)
  - ADDVALUE COMMUNICATIONS PTE LTD (SINGAPORE) (100%)
  - ADDVALUE INNOVATION PTE LTD (SINGAPORE) (100%)
    - ADDVALUE SOLUTIONS PTE. LTD. (SINGAPORE) (100%)
  - ZHONGXIN CHUANGZHI HOLDING PTE. LTD. (SINGAPORE) (100%)
    - ZHONGXIN CHUANGZHI (BEIJING) TECHNOLOGY LTD, CO. (CHINA) (100%)
  - ADDVALUE CAPITAL PTE. LTD. (SINGAPORE) (100%)
    - REVERE SPACE. INC (USA) (100%)
  - ADDVALUE GLOBAL LIMITED (HONG KONG) (100%)

SUSTAINABILITY REPORT

CONTENTS

ABOUT THIS REPORT

GRI 2-1, 2-3

This year, we continue to address the Environmental, Social and Governance ("**ESG**") aspects deemed material to Addvalue Technologies Ltd and our subsidiaries ("**Addvalue**" or the "**Group**").

As a world recognised 'one-stop shop' communications technology products developer, we provide state-of-the-art satellite-based communication and other innovative digital broadband products and solutions for a variety of connectivity for applications at seas, on land, on flight and in space.

The Group also specialises in offering customised design services, tailored to the unique needs of each customer in availing total satellite communication solutions from anywhere and at any time. In order to promote long-term value creation in the pursuit of our commercial objectives and attainment of sustainable value for our key stakeholders, comprising the shareholders, employees, customers, vendors and regulators, the Group adopts various practices, to be carried out through sustainable efforts, concerning ESG matters.

This Sustainability Report 2023 ("**Report**"), covers the reporting period from 1 April 2022 to 31 March 2023 ("**FY2023**").

The Global Reporting Initiative ("**GRI**") Standards is the independent, international organisation that helps businesses and other organisations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. GRI provides the world's most widely used standards for sustainability reporting – GRI Standards. This report has been prepared with reference to the GRI Standards 2021.

As we progress and grow, the Group values any feedback on how we can improve on our sustainability reporting. Please send your feedback to sustainability@addvalue.com.sg.

SUSTAINABILITY BOARD'S STATEMENT

GRI 2-22

Dear Stakeholders,

The Group is committed to sustainable development and recognises the importance of Environmental, Social and Governance, including those related to Climate Change ("**ESG**") responsibility, especially ESG factors that are material to its business.

At Addvalue, we always strive to promote long-term value creation in the pursuit of our commercial objectives and attain sustainable value for our relevant category of stakeholders ("**Stakeholders**"). Sustainability is an integral part and is embedded in our normal course of business. We engage with our Stakeholders in identifying business imperatives to drive improvements in sustainability.

First, we believe that the sustainability of our business is entwined with the global movement on environmental sustainability. Through our deliberate effort in our business transformation over the years, we have scored successes in pivoting our connectivity technologies towards fisheries sustainability and a wide array of autonomous IoT-based environmental surveillance applications, including weather monitoring, utilities efficiency and animal tracking.

Second, we make sustainability priority in our partnerships and climate protection a joint task. As the curation of the materials is an integral part of our product development programs, we aspire to nurture a supply ecosystem with our vendors who have the shared principle. Indeed, it takes the collective actions to build sustainability throughout the whole value chain of supply.

Amidst the global business environment still impacted by the COVID-19 pandemic as well as the ongoing geopolitical conflicts, we are also seeing more countries being affected by floods and heatwaves caused by increasing rainfall and rising temperatures caused by climate changes. More countries, including Singapore, have joined the net-zero target by 2050, which is accompanied by stronger regulations, including a steeper carbon tax enacted for Singapore companies, and mandatory climate reporting requirements. Addvalue recognises the importance and is committed to adopt the Task Force on Climate-related Financial Disclosures ("**TCFD**") reporting in a phased approach in the coming years in accordance to Singapore Exchange's ("**SGX**") requirements. We continue to meet our corporate social responsibility goals by embracing our core values and adapting to challenges. As always, sustainable digital transformation for our clients will continue to drive our resilience.

The Board and Management are committed to further enhance stakeholders' value through our robust corporate governance framework by adopting a Sustainability Reporting Policy ("**SR Policy**") in FY2023, covering reporting structure, materiality assessment and processes in identifying and monitoring material sustainability factors. This SR Policy has been put in place and serves as a point of reference in the conduct of our sustainability reporting, where we manage ESG related risks and opportunities. The Board maintains oversight of the identification and assessment of ESG issues that are material to operations and stakeholders. For this year's Sustainability Report, we have engaged our internal auditor to review our internal analysis of our environment data and internal data collection process.

We have established a Sustainability Committee ("**SC**") responsible for overseeing our sustainability targets. Under the purview of the Board's Risk Committee, the SC is led by our Chief Executive Officer along with the support of our management executives. The SC ensures the alignment of our business objectives with our ESG targets and holds the responsibility to communicate our sustainability progress to the Board.

ASSURANCE

We engaged our Internal Audit Function to review the current sustainability reporting processes. The internal review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The scope included a risk-based review of the processes including but not limited to the sustainability governance and management; the identification, prioritisation and assessment of ESG-related risks and opportunities; reporting relevant sustainability information; climate-related disclosures; and compliance against local regulatory reporting requirements. We have not sought external assurance for this reporting year.

We remain focused and have taken steps to ensure a diverse and inclusive workforce; a wide breadth of opinions and backgrounds play a large part in our success. The Board reinforced its governance over sustainability by adopting a Board Diversity Policy in FY2022 and we welcomed our first female Board member to our Board in FY2023. The Group places importance on diversity for an effective Board and for the sustainability of the businesses.

In this report, we are pleased to share with you our progress for FY2023 and our compass towards sustainable development. We look forward to building on our commitment for a sustainable future. We thank you for your patience and support during these difficult times. Together, we will navigate Addvalue through today's challenging phases.

On behalf of Board,

MR RICHARD J DENNY
Non-Executive Chairman

ABOUT US

GRI 2-1, 2-6, 2-7

Addvalue Technologies Ltd was founded in 1996 and was listed on the mainboard of Singapore Stock Exchange in 2000. Addvalue's technical competencies include Radio and Antenna Design, Embedded System Design, Software Defined Radio platform. Addvalue is a world recognised 'one-stop shop' for communications technology products revolve around "**Connectivity**".

Leveraging off its deep and proven satellite communication knowhow for end user's terminals and applications, Addvalue has established itself as a key player in offering "Digital Connectivity as a Solution" tailored to addressing application gaps in areas where terrestrial networks do not exist, are incompetent, or are ineffective.

For example, the Addvalue's iFleetONE Vessel Monitoring System ("**VMS**") is developed to help fisheries authorities address the concerns of fisheries sustainability. The Addvalue's SABRE Ranger 5000 IoT solutions are targeted at various applications for environmental monitoring and power grid management.

Even in space, Addvalue has created a means to relay data quickly and efficiently to and from orbiting LEO satellites in real-time through the Inter-Satellite Data Relay system ("**IDRS**"). It provides a reliable platform for LEO satellite operators requiring real-time and on-demand communication, such as data alert on change detection, environmental monitoring, emergency monitoring, response and crisis intervention, and weather satellite services among other situation awareness missions.

As the mobile industry is ushering into the 5G era, Addvalue will work together with partners in satellite communication industry to bring new innovations in digital connectivity to provide better mobility and ubiquity for end users in a responsible and sustainable manner.

Addvalue markets and sells its products and solutions to government users and commercial enterprises through partners and business consultants operating in North and Latin America, Asia Pacific, Europe, Middle East and Africa. Headquartered in Singapore, where all its product development activities and manufacturing support are planned and undertaken.

Addvalue maintains ISO 9001:2015 Quality Management certification, where our quality management system consistently provides products and services that meet statutory and regulatory requirements, facilitates opportunities to enhance customer satisfaction, and addresses risk and opportunities effectively. Additionally, Addvalue adopts a business continuity management ('**BCM**') program since 2013 and continue to operate and maintain processes, capabilities, and response structures ensuring that Addvalue will survive disruptions and meets the business continuity needs and obligations.

OUR VISION

To be universally recognised as a trusted and preferred partner in the business of connecting the world.

OUR CORE VALUES

Always remain **Dynamic** to look out for new opportunities and emerging threats. It is the drive to seek continuous improvement in all that we do no matter how trivial it may seem to be.

Enterprising is our second nature. We are used to taking calculated risks to do things differently in search of breakthroughs. It is this enterprising spirit that urges us to think and act innovatively, away from convention.

Fortitude is the hallmark of our character. Throughout the history of our company, it is this nerve of steel that enable us to preserve and overcome all crisis that confront us.

OUR CORE PURPOSE

We enable companies to unleash their real business potentials by harnessing the products and services offered by us.

Being **Trusted** is the single most important asset that everyone of us should have. It is foundation for our teamwork. Without trust, we don't earn true respect from others.

SUSTAINABILITY APPROACH

GRI 2-9, 3-1

Our materiality assessment performed involved our employees engaging in our relevant category stakeholders ("**Stakeholders**") in our normal course of business by identifying sustainability factors deemed material to the Group's businesses and our Stakeholders so as to allow us to channel our resources to create sustainable value for our Stakeholders. This is reviewed annually to reflect changes in business operations, environment, Stakeholders' feedback and sustainability trends.

We have adopted the 4-step approach as follows in deriving our material sustainability factors.

IDENTIFICATION

Through discussions with the SR Committee by considering various factors such as industry trends, Stakeholder expectations, and regulatory requirements, we have identified the various ESG factors.

PRIORITISATION

The ESG factors will be prioritised based on its importance to the stakeholders and the importance to the Group. The material factors will be shortlisted for reporting.

VALIDATION

The shortlisted material ESG factors will then be internally validated by the Group's SR Committee consisting of senior management and submitted to the Risk Committee of the Board for approval. This promotes the alignment of sustainability factors to the Group's corporate objective.

REVIEW

The material ESG factors will be reviewed on an annual basis and will be subject to amendments should there be any changes in the business operations or market conditions. The Report is also open to feedback from our Stakeholders for our continual improvement.

In considering Addvalue's activities, impacts, and the substantive expectations and interest of our Stakeholders, we have applied the four reporting principles in the above 4-step approach.

1

Stakeholder Inclusiveness

- Identification
- Review

2

Sustainability Context

- Identification
- Prioritisation
- Validation
- Review

3

Materiality

- Prioritisation
- Validation

4

Completeness

- Prioritisation
- Validation

STAKEHOLDERS

GRI 2-29

The Group recognises the importance of effective engagement with our Stakeholders for the benefit to sustain a healthy relationship with them. We strive to create an environment in which our Stakeholders are welcome to voice out their concerns for us to better understand their expectations and continue to add value for all our Stakeholders. We are committed to continue to work closely with Stakeholders to address their concerns through our engagements with them.

Stakeholders	Basis for Determining Stakeholders	Engagement Method	Frequency of Engagement	Area of Concerns
Investors	▪ Influence on Addvalue's future strategies and management's decisions	▪ Annual General Meeting ▪ Website ▪ Announcements	▪ Annually ▪ As and when necessary	▪ Financial performance ▪ Governance and transparency ▪ Anti-corruption
Customers	▪ Customers' needs and preferences shapes the direction of the Group ▪ Customer feedback drives improvements to our product and service quality	▪ Trade shows ▪ Conference ▪ Phone call ▪ Site visits and meetings ▪ E-mail ▪ Website ▪ Training and workshop	▪ As and when necessary	▪ Quality of products ▪ Meeting of deadlines ▪ Meeting technical needs and requirements
Business Partners and Vendors	▪ Influence on Addvalue's delivery of high-quality products and services	▪ Collaboration meetings ▪ Trade shows ▪ Conference ▪ Phone call ▪ E-mail ▪ Factory visits	▪ As and when necessary	▪ Prompt payment ▪ Fair business dealings ▪ Quality of components ▪ Delivery schedule
Employees	▪ Executes the direction of the Group ▪ Employees' skills and knowledge influence Addvalue's value creation	▪ Face to face communication ▪ Annual performance review ▪ Company-wide meetings/ training ▪ Email announcements/ Newsletters via corporate intranet ▪ Social functions	▪ Throughout the year ▪ Annually	▪ Fair benefits and compensation ▪ Equal employment opportunities ▪ Adequate training provided ▪ Career advancement
Regulators	▪ Compliance with local laws and regulation ▪ Enable the Group to provide credibility and professionalism for our stakeholders	▪ Reporting platforms	▪ As and when necessary ▪ Annually	▪ Compliance with regulatory requirements

LEVEL OF CONCERN TO STAKEHOLDERS	Low	Medium	High
High	• Work Life Balance • Waste Management and Recycling	• Diversity and Equal Opportunity • Non-discrimination • Health and Safety • Training and Education	• Employment Practices • Anti-corruption • Financial Performance • Environmental Compliance
Medium		• Workforce Retention • Socioeconomic Compliance • Supplier Social and Environmental Assessment • Financial Grants	• Business Ethics • Governance and Transparency
Low			

POTENTIAL OR CURRENT IMPACT ON OUR BUSINESS

Significant topics:
Topics that are deemed material to the Group and the stakeholders are indicated in the top right quadrant.

Moderate topics:
Topics that are relatively less significant but are still incorporated in Addvalue's sustainable and responsible business practices.

ENVIRONMENT – CLIMATE REPORTING

GRI 2-27

In the current reporting period, the Group has yet to align to the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). We recognise the importance and are committed to adopt them in a phased approach in the coming years. We acknowledge the significance of TCFD disclosures for our Stakeholders, and the broader global community, and we are dedicated to providing transparent and comprehensive information on our climate-related risks and opportunities in the future.

MATERIAL ESG FACTORS

GRI 3-1, 3-2

There have been no major changes to our business operations this year. The key factors identified under the ESG framework remain the same as the year before.

Material Topic	Reason for Materiality	GRI Standard Disclosure	Boundary	
			Within Addvalue	Outside Addvalue
ECONOMIC				
Economic Performance	Poses significant effects towards investors	201-1 201-4	√	
Anti-corruption	Poses significant effects towards stakeholders	205-2 205-3	√	
ENVIRONMENTAL				
Supplier Environmental Assessment	Poses significant effects towards sustainability	308-1	√	√
SOCIAL				
Employment Practices	Poses significant effects towards employees	401-1	√	
Training and Education	Poses significant effects towards employees	404-1 404-3	√	
Diversity and Equal Opportunity	Poses significant effects towards employees	405-1	√	
Non-discrimination	Poses significant effects towards employees	406-1	√	
Supplier Social Assessment	Poses significant effects towards suppliers	414-1	√	√
Customer Health and Safety	Poses significant effects towards customers	416-2	√	

BUSINESS ETHICS AND EXCELLENCE

GRI 2-23, 205-2, 205-3

Acting responsibly and ethically is crucial to maintaining the trust and confidence of our Stakeholders. We strive to maintain high ethical standards and continually ensure that we comply with the relevant laws and regulations. Our efforts include fostering an ethical working environment by requiring our employees to follow the Addvalue Corporate Policies and Business Conduct Guidelines, which is regularly reviewed and updated. Apart from maintaining our high ethical standards, Addvalue is committed to building a culture of risk awareness that promotes good corporate governance and a sound system of internal controls.

The Group also take measures to guard against cyber security risks in order to protect confidential information for both our Stakeholders. The Group has regular seminars on the importance of the Personal Data Protection Act ("**PDPA**") compliance to ensure all our employees are fully aware as part of maintaining high ethical standards of our Group.

ENTERPRISE RISK MANAGEMENT

The Group has put in place an Enterprise Risk Management ("**ERM**") Framework which assists Addvalue in managing inherent risks arising across the Group's business, at a macro level. An annual ERM exercise is also conducted to identify and assess key risks.

The framework is a structured and discipline approach to identifying and assessing key risks and their potential impact on the achievement of the Group's key objectives. Control measures are put in place to mitigate the risks with Addvalue's risk appetite at a holistic level rather than in silos or isolation within areas or functions. This improves the organisation's agility to respond to risk events.

CONFLICT OF INTEREST

All employees are required to complete a Conflict of Interest Declaration Form upon joining and update Human Resources as and when circumstances change. Since FY2021, all employees are required to declare their Conflict of Interest on an annual basis.

This ensures that employees' decision making and professional judgement are not influenced by undue personal interests that creates a conflict of interest to the Group.

BRIBERY AND ANTI-CORRUPTION

Addvalue has zero tolerance policy on bribery and corruption. As such, the Group has put in place a whistle-blowing policy for employees to raise concerns on any possible misconduct or improprieties within the Group. Addvalue has also reviewed and updated its whistle-blowing policy for greater effectiveness this year. The "Whistle-blower Reporting Form" may be used for reporting purposes and it is available on Addvalue's Intranet. This platform encourages employees to raise concerns or disclose any improprieties, without the fear of reprisals. We have achieved our target of sustaining our zero-corruption record. There was no bribery or corruption incident reported this year (FY2022: Nil, FY2021: Nil). We aim to sustain our zero-corruption record in the long run through pertinent actions to ensure that our employees, governance body members, and business partners are aware of our anti-corruption and whistle-blowing policies and abide by all applicable laws and regulations. This is aligned with our overall strategy to increase investor confidence and achieve business excellence.

COMMUNICATION TO EMPLOYEES

Addvalue's Human Resource department has achieved 100% (FY2022: 100%, FY2021: 100%) communication of our anti-corruption policies to all our employees this year. This target is consistent with management's KPI and we will continue to ensure that these policies are communicated to all our employees on a periodic basis. Details of the whistle-blowing policies, code of conduct, and anti-corruption policies are made available to all Singapore employees on the intranet. For all newly joined staff (local and overseas), Addvalue's clear stance against corruption is communicated through a detailed briefing of the corporate policies and the consequences of violation of any policies, which may include severe penalties, disciplinary measures, or even dismissal. This ultimate goal is to promote the highest standards of trust in all of our actions and relationships.

COMMUNICATION TO GOVERNANCE BODY MEMBERS

All newly appointed Directors will be informed on the details of our anti-corruption policies. They are required to read them thoroughly to familiarise themselves with the policies and understand the key principles of fairness, honesty, openness, decency, integrity, and respect. Addvalue expects the governance body members to hold their integrity, and act in the best interest of Addvalue on behalf of their stakeholders.

ECONOMIC FACTORS

GRI 2-6, 201-4

FINANCIAL GRANTS

The Group receives a relatively substantial amount of financial grants from the Singapore Government. In FY2023, we received US$817,540 (FY2022: US$1,970,450, FY2021: US$1,198,102) from the Singapore Government, of which none were present in the shareholding structure of Addvalue. These grants include subsidies for development activities to build our base of propriety products as well as applications and processes to improve our operations and productivity. With the government's support, Addvalue is on track for further expansion of our competencies and our technological innovation.

SUPPLY CHAIN

The Group strives to establish a diverse and sustainable supply chain to support Addvalue's value creation in the long term. The management of our supply chain is an integral part of our operations to reduce risk of disruptions, increase efficiency, and protect our brand reputation. Our supply chain consists of vendors based in stable countries such as Singapore, Malaysia, United States, South Korea, Denmark, China, Hong Kong and Taiwan, where risks of operational disruption is minimal.

Due to the COVID-19 situation, operational and shipment delays are unavoidable. We have communicated to our customers that there will be a longer delivery lead time due to worldwide components shortages. To deal with supply chain disruptions, we plan to diversify our sources and secure supplies early. In the short term, we aim to reduce lead times by ensuring that all our inventory is within reach and outside of impacted areas. Addvalue will continue to maintain our active sourcing activities to minimise the risk of shipment disruptions. We have expanded our supply chain over the recent years by obtaining alternate source of suppliers[1] in case of severe shortages. As a long-term measure, we will implement supply chain risk management assessments and practices to mitigate potential risks and improve our resilience and responsiveness to disruptions. One of the measures implemented was to perform materials planning with forward forecasting of our stable products to ensure we have enough materials for the future production build.

As part of our supply chain operations, we recognize the critical role in our materials sourcing and are committed to always improve and to maintain the quality of materials used for production. Our vendors must meet the prerequisites set out in Addvalue's product quality requirements. We conduct our Vendor evaluation and Qualification procedure annually to determine whether the minimum requirements set have been met. We aim to continue this annual assessment to ensure that quality is maintained.

1 Suppliers refer to Electronic Manufacturing Services ("**EMS**") providers, vendors, and manufacturers.

ENVIRONMENTAL FACTORS

GRI 308-1

Environmental problems continue to threaten our sustainability in the future, making the need for environmental preservation increasingly crucial among businesses and communities. In our commitment to the environment, we recognise our responsibility to mitigate climate change and reduce our negative impact on the environment with our conservation efforts. During the reporting period (FY2022: Nil, FY2021: Nil), the Group did not identify any non-compliance with environmental laws and/or regulations. We seek to maintain and uphold our strong compliance record and manage our efforts to preserve the environment. We believe that our strong compliance record aligns with our business strategy and will attract like-minded vendors who also advocate for high sustainability standards.

PRODUCT DEVELOPMENT AND PRODUCTION

We take a holistic approach to product development sustainability by ensuring every opportunity is provided to review the types and quantities of materials used and processes applied to the production of our products for commercial purposes. Our goal is to minimise materials waste and obsolescence by utilising eco-friendly materials. New packaging materials used in our new product lines were chosen from recyclable materials and EPE based materials instead of plastics/paper materials.

We believe the sustainability of our supply chain is an integral part to our sustainability performance. Our existing vendors and contract manufacturers are evaluated on their environmental impact through our annual Vendor evaluation and Qualification procedure. Factors we consider include their efforts towards recycling, incorporation of environmentally friendly materials, energy conservation, environmental certifications, and their use of toxic or hazardous substance materials. From the feedback of such assessment, 93% (FY2022: 92%, FY2021: 91%) of our selected key suppliers has met with our minimum requirements set. We will continue this effort to evaluate our suppliers on their environmental preservation to ensure minimum adverse impact on the environment in FY2024.

GREENHOUSE GAS EMISSIONS

In our effort to conserve energy, we have began tracking our Greenhouse Gas ("**GHG**") emissions[2] in FY2022. Our Scope 2 indirect emissions via purchased electricity amounts to approximately 82 metric tons of CO_2 (FY2022 :89.5 metric tons of CO_2). This is in line with the Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations.

For all our new vendors and contract manufacturers, we conduct a review assessment which includes an onsite assessment of their factory premises and a quality assurance audit. Addvalue recognises the importance of assessing any negative environmental impacts caused by our supply chain. We have incorporated the environmental criteria as part of our screening procedures for all new suppliers and have ensured that they comply accordingly. We have onboarded one new supplier this year (FY2022: two new suppliers (100%) and screened them using our environmental criteria. This further reinforces our stance towards environmental sustainability, playing our part in making sure that all our engagements are environmentally friendly.

WASTE MANAGEMENT AND RECYCLING

The Group strives to create a paperless culture in the office by implementing the 3Rs – Reduce, Reuse, Recycle. Addvalue contributes by reducing our paper usage through double-sided printing, reusing single sided prints for internal documents, and recycling used paper.

As part of the Group's sustainability commitment, hazardous waste will be disposed of responsibly in compliance with relevant local and international environmental, safety, and health regulations, as well as in line with industry standards.

2 https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

We work closely with our landlord, Panasonic on its Waste and Resource Management System ("**WRMS**") Program which is in line with the National Environment Agency's ("**NEA**") mandatory reporting procedures. We consolidate our general waste in centralised waste bins which will be collected by Panasonic's appointed waste collector. Recyclable waste items such as paper and cartons are collected in a similar fashion through the centralised bins. Addvalue's paper and cartons waste is not considered material, as such, we are exempted from the reporting requirements. Being a registered producer under the Resource Sustainability Act ("**RSA**"), we directly report to NEA on an annual basis our Electrical and Electronic Equipment ("**EEE**") Supply Declaration. This is mandated by NEA where Addvalue is required to declare the amount (i.e., weight) of regulated products supplied in Singapore for electronic-waste management.

During the year, we have further encouraged our staff to recycle plastics as an additional recycling campaign as well and started to collect plastics for recycling.

Apart from the above, our employees are also encouraged to conserve energy through the switching off of power for equipment that are not in use, and the switching off of lights during lunch hours and when not in use. Addvalue had also started reducing the usage of air-conditioner units within the office premises. This has resulted in a reduction of emissions by about 7.2 metric tons of CO_2 in FY2023 against FY2022 consumption with a total energy consumption of 190,170 kwh in FY2023 against 206,834 kwh in FY2022, a total savings of 8%.

SOCIAL FACTORS

As a technology developer and innovator, we place importance on our workforce capabilities, resourcefulness, experience, skills and knowhow. We recognise the key role our employees play in contributing to our business success and growth and they are our greatest asset.

Another important sustainability focus will be the development and social well-being of every community in which we operate in, especially to our very own employees, with emphasis on providing them with sustainable and inclusive labour practices. There were no incidents of non-compliance with socioeconomic laws this year (FY2022: Nil; FY2021: Nil), and we seek to maintain Addvalue's strong compliance record through relevant policies and initiatives.

SUSTAINABLE LABOUR PRACTICES

Our sustainable labour practices include providing equal opportunity, non-discrimination policy, effective communications between management and employees, providing work life balance, and sufficient attention to occupational health and safety hazards. The Group believes in having a diverse and inclusive culture, where all employees are welcomed and treated fairly. Having these policies will help to ensure employees to not only lead a well-balanced work life, but also to incorporate a sustained positive attitude for continuous improvement towards their work, customers and other stakeholders of the Group.

WORK LIFE BALANCE

Addvalue always wants to support its employees in striking a balance between their career goals, own objectives and personal lifestyle. We adopted a work life balance policy to enable flexible work hours arrangements with employees. All employees are allowed to adopt a flexi-time arrangement while the managers and above are additionally permitted to practice flexi-place arrangement outside the office.

SOCIAL FACTORS

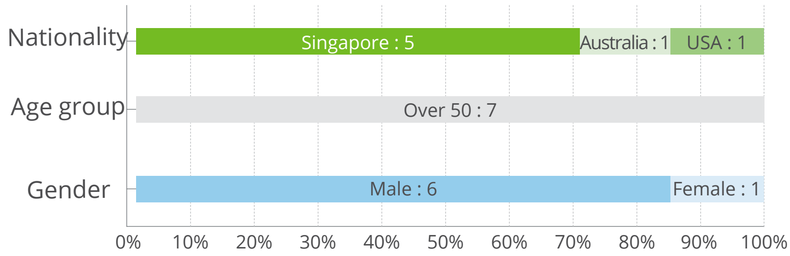
GRI 405-1

DIVERSITY AND EQUAL OPPORTUNITY

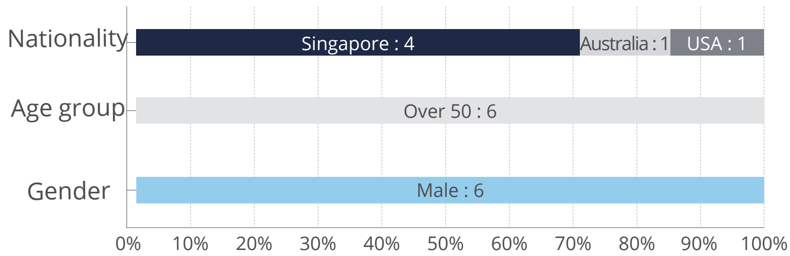
The Group believes in respecting and valuing diversity in race, cultures, religion, gender identity, sexual orientation, nationality, genetics, disability, age or any other factors. Our equal opportunity practices are necessary to create an open mindedness, productive and creative community that the Group needs to drive its growth and sustainability. We seek to create an inclusive and fair working environment by providing our people with equal opportunities and adopting merit-based practices for recruitment, selection, and promotion. It is very important to us that - irrespective of gender, age, background or any other aspects – all employees are valued and can devote their individual strengths, experience and potential to the Group.

We value inclusiveness not only in our employees but also in our board composition. The Group's Board Diversity Policy sets out that diversity at the Board level is an essential element to ensuring the achievement of its strategic objectives. All Board appointments will be made based on merit, taking into account the skills, experience, independence and knowledge that the particular director can bring to the Board and without compromising on the diversity of the Board. In FY2023, the Board has appointed a female director. Although there is currently no director from a younger age group appointed in the Board, the Board does not rule out the possibility of appointing such director if a suitable candidate is nominated for the Board's consideration.

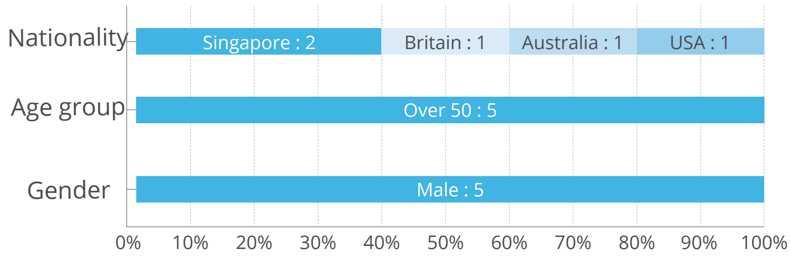
BOARD OF DIRECTORS (FY2023)



BOARD OF DIRECTORS (FY2022)



BOARD OF DIRECTORS (FY2021)

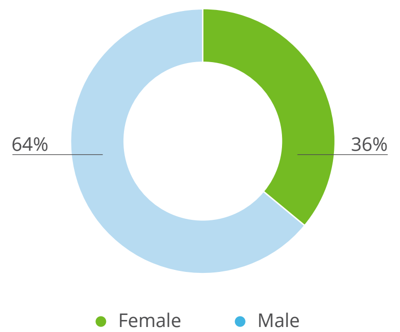


SOCIAL FACTORS

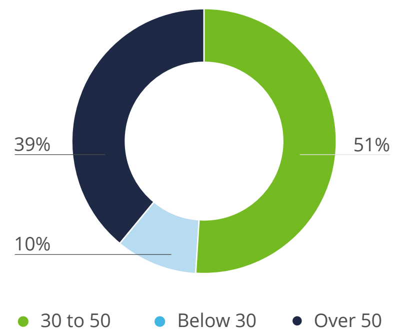
GRI 2-1, 2-6, 2-7, 405-1

Our workforce comprises of employees from different age groups and background. We have a total work force of 72 (FY2022: 68, FY2021: 83) full time employees as at 31 March 2023. None (FY2022: Nil, FY2021: 5) of the employees are temporary trainees while the rest of the employees are permanent where 67 (FY2022: 61, FY2021: 76) of them are stationed in Singapore and 5 (FY2022: 7, FY2021: 7) in our Beijing office. The diversity of the Group by gender, age and nationality are presented as follows:

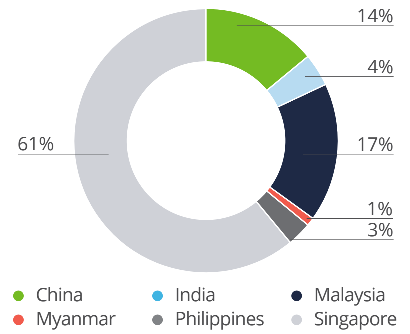
GENDER DIVERSITY (FY2023)



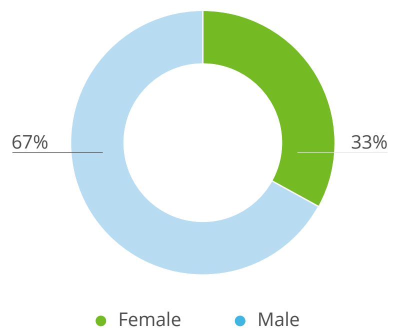
AGE DIVERSITY (FY2023)



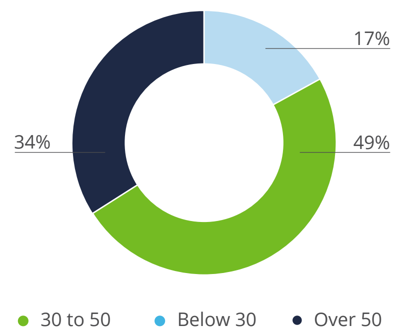
NATIONALITY DIVERSITY (FY2023)



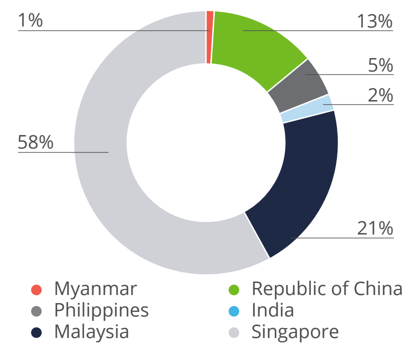
GENDER DIVERSITY (FY2022)



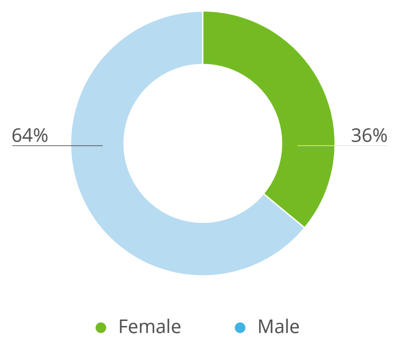
AGE DIVERSITY (FY2022)



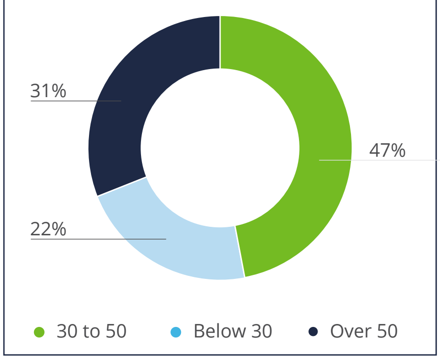
NATIONALITY DIVERSITY (FY2022)



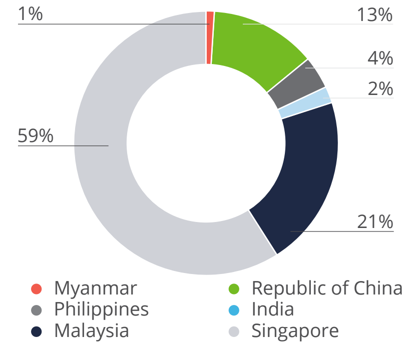
GENDER DIVERSITY (FY2021)



AGE DIVERSITY (FY2021)



NATIONALITY DIVERSITY (FY2021)



SOCIAL FACTORS

GRI 2-1, 2-6, 2-7, 401-1, 405-1, 406-1

NON-DISCRIMINATION POLICY AND EFFECTIVE COMMUNICATION

The Group promotes freedom of expression and open communication. Regular meetings are held within the Group to discuss openly its goals and visions. It also conducts team building and team bonding activities biennially, if not annually. During these meetings, all employees are encouraged to have open discussion with management and provide feedback. Our Group also conducts regular gatherings for festive lunches and occasional team bonding sessions.

The Group provides monthly internal sharing sessions with employees on product updates and knowledge; regular meetings with management on status updates of relevant key matters; and monthly in-house newsletters via our intranet portal and e-mails notifications to update and inform our employees on key happenings, be it business-related or otherwise. Our Group practices an open-door policy, and all employees are welcomed to approach the head of their respective departments or the Human Resource department or the CEO Office for any grievances and/or issue that they may encounter, whether it is work-related or otherwise. We also provide feedback boxes for employees who would like to feedback or suggest to management for any improvement measure concerning our work office environment or on any staff matter. There were no incidents of discrimination reported this year (FY2022: Nil, FY2021: Nil). In the long run, we aim to maintain zero discrimination and foster an inclusive culture where all employees are treated with respect. We respect and protect the personal dignity of each individual, tolerating neither discrimination nor harassment of our employees.

SOCIAL FACTORS

GRI 401-1

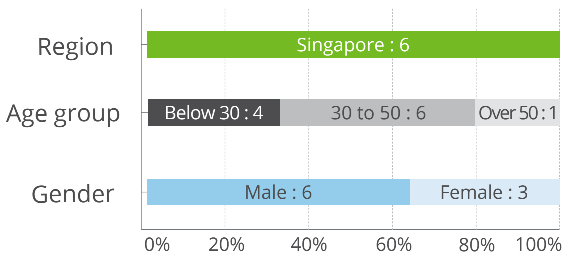
WORKFORCE RETENTION RATE

The Group strives to keep our employee turnover rate low by recognising the well-being of our employees and having in place certain employee benefits to increase employee happiness and job satisfaction.

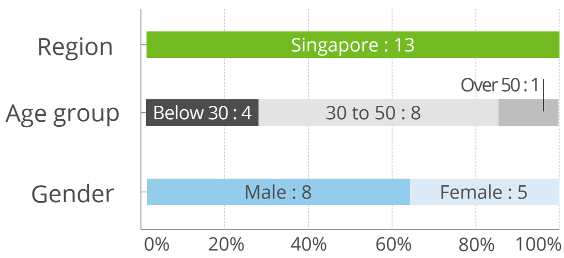
Our hiring and turnover rates during the reporting period are as follows:

Area of Focus[3]	FY2021 Performance	Target for FY2022	FY2022 Performance	Target for FY2023	FY2023 Performance	Target for FY2024	Long term Target
Hiring rate	15%	< 15%	11%	< 15%	19%	< 15%	< 15%
Turnover rate	9%	< 15%	23%	< 15%	13%	< 15%	< 15%

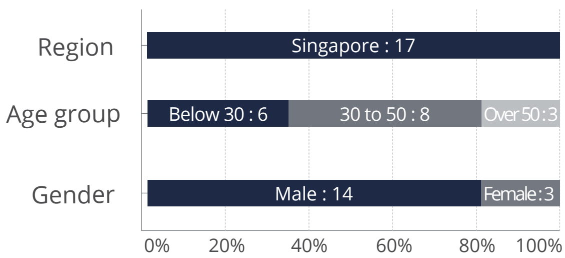
EMPLOYEE TURNOVER (FY2023)



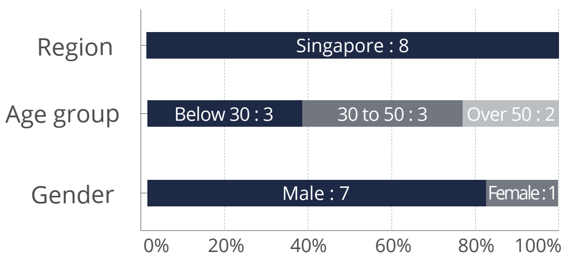
EMPLOYEE HIRES (FY2023)



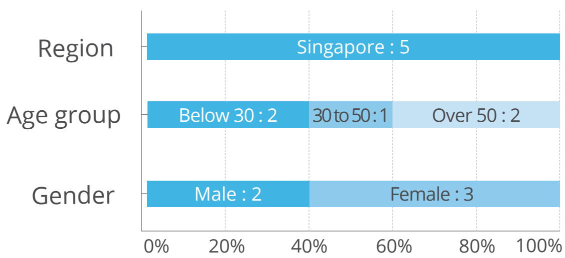
EMPLOYEE TURNOVER (FY2022)



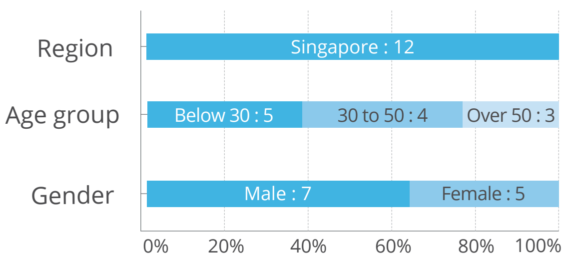
EMPLOYEE HIRES (FY2022)



EMPLOYEE TURNOVER (FY2021)



EMPLOYEE HIRES (FY2021)



3 Computation for hiring and turnover rates are based on the average number of employees.

SOCIAL FACTORS

GRI 401-1, 404-1

While in FY2023 we have managed to improved our turnover rate to be under 15% from 23% in FY2022 which in turn has increased our hiring rate to 19% for FY2023. This is due to additional manpower was required to replace the resigned staff and for the business expansion expected in FY2023 and beyond. The Group recognizes the importance of keeping our employee turnover rate low and allowing us to retain key skills and knowledge without affecting our recruitment budget, team balance, and employees' morale. We will continue to strive to keep our hiring and turnover rates below 15%.

In 2022, the Ministry of Manpower reported a recruitment rate and resignation rate of 3.1% (2021: 2.8%, 2020: 2.1%) and 2.1% (2021: 2.0%, 2020: 1.5%) respectively in the Information and Communications industry. While we acknowledged there is a room for improvement, given our lean structure, we believe that our rates are within the reasonable range.

EMPLOYEE HEALTH AND SAFETY

Our Group regards workplace safety as an essential part of office admin operation. We comply with Workplace Safety and Health regulatory procedures. Safety committee is put in place and safety inspections are performed regularly. Our Group sends employees to first-aid courses on a regular basis to ensure that our team is equipped to provide first-aid help promptly when there is a need. We target to have at least one certified first-aid employee to be allocated at each department. In addition, safety manuals are made accessible through the intranet and communicated to our staff via email and orientation program. There were no (FY2022: Nil, FY2021: one) health and safety incidents in FY2023. We will continue to promote safety in the workplace and have emphasised the importance of vigilance to our employees.

As the well-being of our staff is critical to the Group, we strive to actively promote healthy work practices. Accordingly, in order to encourage all our employees to do a yearly health check, we have extended the additional relevant allowance to all employees since last year, instead of only employees above 40 years of age in the prior years. Regular health talks and annual health screening programs are organised for our employees. In order to inculcate healthy eating habits, the Group also organised a 'Fruit Day' once a month, whereby each employee will be given a healthy fruit on 'Fruit Day'.

TRAINING AND PROFESSIONAL DEVELOPMENT

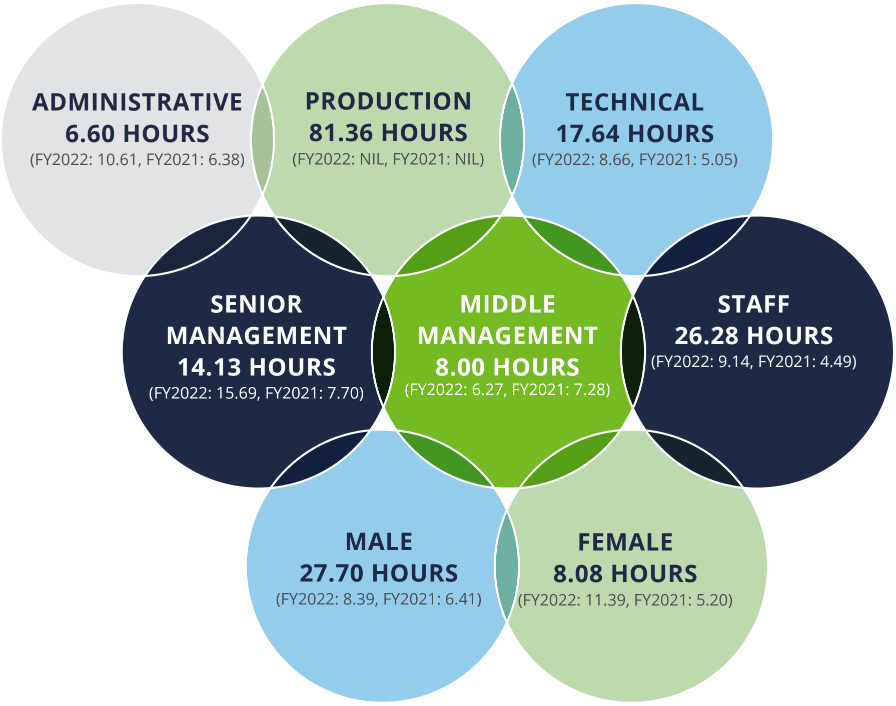
Addvalue believes that our people are our greatest assets. In order to adapt to the rapid changes in the environment and ride the waves of technological advancements smoothly, it is important to ensure that our employees keep abreast with technology trends and are well equipped with the necessary skills and knowledge. Hence, the Group provides in-house training on product and technology competency and sends the relevant staff for external courses to upgrade their skills as and when necessary. The professional courses cover both technical skills such as design technologies and aviation product design, as well as business skills such as corporate branding and strategic training. The trainees are required to conduct a sharing session to their team members to share the knowledge and insights gained. This boosts the productivity level and performance at both individual and organisational levels.

As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that six Directors or 86% of our Directors have completed the approved sustainability training course, ESG Essentials offered by the Singapore Institute of Directors and one Director has already registered his training in the month of July 2023.

SOCIAL FACTORS

GRI 404-1, 404-3

The average hours of training that our employees have undertaken in FY2023 is 20.6 hours (FY2022: 9.3 hours, FY2021: 5.7 hours). This was an increase of 11.3 hours (FY2022: 3.6 hours, FY2021: 15.5 hours) which is an approximate rise of 122%. The average training hours per employee category is as follows:



We focus on in-house training for newer employees on product knowledge and on-the-job training. The internal trainings include but is not limited to Printed Circuit Boards Assembly ("**PCBA**") Process, Box Build and Process Flows. Overall, more training was provided to all staff across the company with more skill-based training was attended by Production and Technical staff during the year to level up their competency and capability to improve their work efficiency and also to improve our quality of our products.

We will continue to target an achievement of an average of 20 hours per staff in the short term, and 40 hours per staff in the long term. Addvalue's training requirements are as per ISO's requirement which is also linked to management's KPI.

CAREER DEVELOPMENT

In addition, the Group review our employees' performance regularly to recognise their achievements at work, identify their training needs, and set personal targets for the next review period to further stretch their potential. This aids our employees' personal development and enhances employee satisfaction, which correlates with improved organisational performance. In FY2023, all of our employees, including the senior management, received their annual performance and career development reviews (FY2022: 100%, FY2021: 100%). We will continue our regular career development reviews for all our employees in the future.

SOCIAL FACTORS

GRI 2-23, 414-1, 416-2

PRODUCT RESPONSIBILITY

Our vision is to be widely recognised as a world leading global mobile satellite service ("**MSS**") player in the satellite communications industry. While we have been successful in adopting new technological advancements for new product development, we are also scaling up our compliance for product safety and reliability. During the Design and Development Phase, our experienced engineers design and maintain test plans based on the product requirements. The testing conducted include Regulatory Compliance test and Product Reliability test, and the test reports are used to follow up with the design team to resolve any issues faced before embarking onto mass production and commercialisation of the product. With the test plans in place, we aim to verify and evaluate the product performance, stability, functionality, and application and mobility of our technology. We also ensure that our products are delivered in a responsible manner through a framework designed to manage issues relating to heat and radiation emissions of product when operating. Our products, bearing the "Addvalue enabled" label, are certified for compliance with relevant safety standards. Our customers' experience as well as their health and safety are of utmost importance to us. Our products and services are regularly assessed based on the requirements for Regulatory Compliance and Country Type Approval. This may include compliance necessary for certification to CE, FCC, IC, and Safety (IEC 60950) regulations. Our reliability and quality control engineers conduct visual and functional inspections to identify areas of improvement to be made or replacements required. With our strong commitment to maintaining high quality and reliability of our solutions, there has been no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products this year (FY2022: Nil, FY2021: Nil).

"We shall develop products and solutions that fit the aspirations of every conceivable end user. Our products and solutions will be so pervasive in the market that we become the de facto brand synonymous with innovation, user experience and performance."

SUPPLIER SOCIAL ASSESSMENT

Being a committed and responsible business requires us to integrate sustainable and socially responsible practices into our supply chain management as well. We understand the importance of considering social factors in the choice of our suppliers, such as ISO 45001 - Occupation Health and Safety certification, promotion of safe and cohesive working environment, compliance with safety regulations and the supplier's efforts to respect the human rights. We have incorporated the social criteria in our screening procedure for new suppliers[4] since 1 September 2021 and we aim to maintain such assessment. We have onboarded one new supplier (100%) this year (FY2022: 2) and screened them using our social criteria. This allows us to mitigate or prevent any negative impacts to the society at the early stage of structuring contracts of other agreements.

4 Suppliers refer to Electronic Manufacturing Services ("**EMS**") providers, vendors, and manufacturers.

GRI CONTENT INDEX

Statement of use Addvalue Technologies Ltd has reported the information cited in the GRI content index for the period from 1 April 2022 to 31 March 2023 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

Disclosure Number	Disclosure Title	Comments	Page References	Section References
GRI 2: General Disclosure 2021				
2-1	Organisational details	–	22	About This Report
2-2	Entities included in the organization's sustainability reporting	–	119	–
2-3	Reporting period, frequency and contact point	Annual	22	About This Report
2-4	Restatements of information	None	–	–
2-5	External assurance	No external assurance	–	–
2-6	Activities, value chain and other business relationships	–	25 37-38 33	About Us Social Factors Economic Factors
2-7	Employees	–	37-38	Social Factors
2-9	Governance structure and composition	–	28	Sustainability Approach
2-22	Statement on sustainable development strategy	–	23	Board's Sustainability Statement
2-23	Policy commitments	--	32 42	Business Ethics and Excellence Social Factors
2-27	Compliance with laws and regulations	–	30	Environment Climate Reporting
2-28	Membership associations	Association of Aerospace Industries (Singapore), Singapore Space and Technology Associations	–	–
2-29	Approach to stakeholder engagement	-	29	Stakeholders
2-30	Collective bargaining agreements	No employees covered under collective bargaining agreements	–	–
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	–	28 31	Sustainability Approach Material ESG Factors
3-2	List of material topics	–	31	Material ESG Factors

Disclosure Number	Disclosure Title	Comments	Page References	Section References
GRI 201: Economic performance				
3-3	Management of material topics	–	33	Economic Factors
201-1	Direct economic value generated and distributed	–	143-146	–
201-4	Financial assistance received from government		33	Economic Factors
GRI 205: Anti-corruption				
3-3	Management of material topics	–	32	Business Ethics and Excellence
205-2	Communication and training about anti-corruption policies and procedures	–	32-33	Business Ethics and Excellence
205-3	Confirmed incidents of corruption and actions taken	–	32	Business Ethics and Excellence
GRI 308: Supplier environmental assessment				
3-3	Management of material topics	–	34-35	Environmental Factors
308-1	New suppliers that were screened using environmental criteria	–	34-35	Environmental Factors
GRI 401: Employment Practices				
3-3	Management of material topics	–	39-40	Social Factors
401-1	New employee hires and employee turnover	–	39-40	Social Factors
GRI 404: Training and education				
3-3	Management of material topics	–	40-41	Social Factors
404-1	Average hours of training per year per employee		40-41	Social Factors
404-3	Percentage of employees receiving regular performance and career development reviews	–	41	Social Factors
GRI 405: Diversity and equal opportunity				
3-3	Management of material topics	–	36-38	Social Factors
405-1	Diversity of governance bodies and employees	–	36-38	Social Factors
GRI 406: Non-discrimination				
3-3	Management of material topics	–	38	Social Factors
406-1	Incidents of discrimination and corrective actions taken	–	38	Social Factors
GRI 414: Supplier social assessment				
3-3	Management of material topics	–	42	Social Factors
414-1	New suppliers that were screened using social criteria	–	42	Social Factors
GRI 416: Customer health and safety				
3-3	Management of material topics	–	42	Social Factors
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	–	42	Social Factors

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Richard J Denny
Independent and Non-Executive Chairman

Mr Tan Khai Pang
Chief Executive Officer

Mr Wong Ming Ghee, Bernard
Independent and Non-Executive Director

Ms Goh Liang Choo
Independent and Non-Executive Director

Mr Paul C Burke
Non-Independent and Non-Executive Director

Mr Chua Chwee Koh
Non-Independent and Non-Executive Director

AUDIT COMMITTEE

Ms Goh Liang Choo *(Chairman)*
Mr Wong Ming Ghee, Bernard
Mr Richard J Denny

RISK COMMITTEE

Mr Richard J Denny *(Chairman)*
Mr Wong Ming Ghee, Bernard
Ms Goh Liang Choo
Mr Tan Khai Pang

NOMINATING AND REMUNERATION COMMITTEE

Mr Wong Ming Ghee, Bernard *(Chairman)*
Ms Goh Liang Choo
Mr Richard J Denny

BOARD EXCO COMMITTEE

Mr Chua Chwee Koh *(Chairman)*
Mr Tan Khai Pang

COMPANY SECRETARY

Ms Foo Soon Soo

REGISTERED OFFICE

202 Bedok South Ave 1
#01-11, Singapore 469332
Tel: +65 6509 5700
Fax: +65 6509 5701

REGISTRAR

KCK CorpServe Pte Ltd
1 Raffles Place #04-63
One Raffles Place
Singapore 048616
T + 65 6430 8211/17
F + 65 6339 0218

AUDITORS

Mazars LLP
135 Cecil Street
#10-01,
Singapore 069536
Partner-in-charge: Mr Tan Chee Tyan
Date of Appointment: From FY2019

COMPANY REGISTRATION NUMBER

199603037H

CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**") of the Addvalue Technologies Ltd (the "**Company**") is committed to ensure that high standards of corporate governance and transparency are practiced for the protection of the interests of the shareholders of the Company (the "**Shareholders**").

This report sets out the Company's corporate governance practices for the financial year ended 31 March 2023. It outlines the Company's corporate governance processes with specific reference to the Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore (the "**MAS**") on 6 August 2018. The Board is pleased to inform that the Company is substantially in compliance with the principles and provisions of the Code. In areas where the Company deviates from the Code, the rationale is provided.

BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1:
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Directors of the Company are:

Mr Richard J Denny[1]	Chairman and Independent Director
Mr Tan Khai Pang	Chief Executive Officer ("**CEO**")
Mr Wong Ming Ghee, Bernard	Non-Executive and Independent Director
Ms Goh Liang Choo [2]	Non-Executive and Independent Director
Mr Paul C Burke	Non-Executive and Non-Independent Director
Mr Chua Chwee Koh	Non-Executive and Non-Independent Director

1 Mr Richard J Denny was appointed as the Non-Executive Chairman effective 1 April 2023.
2 Ms Goh Liang Choo was appointed as an Independent Director effective from 10 November 2022.

PROVISION 1.1
BOARD'S ROLE

All Directors recognise and will objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board, comprising one executive Director ("**Executive Director**"), two non-executive and non-independent Directors (collectively, the "**Non-Executive Directors**", and each an "**Non-Executive Director**") and three non-executive and independent Directors (collectively, the "**Independent Directors**", and each an "**Independent Director**"), is responsible for protecting and enhancing long-term value of the Shareholders. It provides directions and guidance to the overall management (the "**Management**") of the Company and its subsidiaries (the "**Group**").

The primary role of the Board includes the following:

- Steering, setting, approving policies and strategic objectives of the Group
- Ensuring that the necessary resources are in place for the Group to meet its strategic objectives
- Reviewing and approving the financial performance of the Group, including its half and full year financial results' announcements
- Ensuring that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets; to achieve an appropriate balance between risks and company performance; and to ensure transparency and accountability to key stakeholder groups
- Instilling an ethical corporate culture and ensuring that the values, standards, policies and practices of the Group are consistent with its culture

PROVISION 1.2
DIRECTORS' DUTIES AND RESPONSIBILITIES

The Directors understand the Company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). The Board exercises due diligence and independent judgment in dealing with the business affairs of the Group.

The Company has in place a process of induction, training and development for both new and existing Directors.

Newly appointed Directors will be given an orientation program to familiarize themselves with the Group's operation. The experience and competency of each Director contribute to the overall effective management of the Group. Incoming Directors joining the Board will be given briefing by the Management, the CEO and, where appropriate, the Company's legal advisers, on their duties and obligations as director, and on the Group's organization structure, business and governance practice and arrangements, including the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive and trade-sensitive information.

Ms Goh Liang Choo was appointed Independent Director effective from 10 November 2022. She had received briefings from the Nominating Committee and Management to orientate her in the Company's business and governance practices. Ms Goh, as a first-time director of a listed company, is undergoing the prescribed training by SGX-ST.

During the financial year reported on, the Directors had received updates on regulatory changes to the listing rules of the SGX-ST (the "**Listing Rules**"), the accounting standards and the Code. The Chairman updated the Board at each Board meeting on business and strategic developments and also highlights the salient issues as well as the risk management considerations for the Group. The Directors were also updated by the external auditor and/or the Company Secretary during Board meetings and by circulations, the changes and development in accounting standards and/or regulatory changes to the Listing Rules and the Code. Information on training programmes, courses, conferences, seminars and workshops relevant to their discharge of director's duties were circulated to the Directors on a regular basis, of which some were attended or participated by the Directors during the year.

PROVISION 1.3
MATTERS REQUIRING BOARD APPROVAL

The Board has adopted internal guidelines governing matters reserved for the Board's approval, which include the following:

- Review the performance of the Group, including approval of the results announcements and annual budget of the Group
- Approval of the corporate strategy and direction of the Group
- Approval of transactions involving a conflict of interest for a substantial Shareholder or a Director or an interested person
- Material acquisition and/or disposal
- Corporate or financial restructuring
- Declaration of dividends and other returns to Shareholders
- Appointment of new Directors and re-appointment of Directors

PROVISION 1.4
DELEGATION OF AUTHORITY TO BOARD COMMITTEES

To facilitate effective management, certain roles have been delegated to various Board members by the establishment of an Audit Committee ("**AC**"), a Nominating and Remuneration Committee ("**NRC**"), a Risk Committee ("**RC**") and a Board Exco Committee ("**Board Exco**"). These committees (collectively the "**Committees**", and each a "**Committee**") function within clearly defined terms of reference which are reviewed on a regular basis.

BOARD EXCO COMMITTEE ("**BOARD EXCO**")

The Board Exco is made up of one Non-Executive Non-Independent Director, Mr Chua Chwee Koh, who is the Chairman of Board Exco and one Executive Director namely, Mr Tan Khai Pang who is the CEO. The Board Exco oversees the management of the business and affairs of the Group and its duties and responsibilities include the following:

1. Review and recommend for adoption by the Board, annual budgets and long-term business plans to achieve the objectives of the Company.
2. Provide guidance to management at all stages of the strategic planning process.
3. Review the monthly and year-to-date financial results and forecast and determine whether corrective action is necessary to be taken by management.
4. Review and recommend mergers and acquisitions, disposals of businesses, and investments to the Board.
5. Operate within authorization limits approved by the Board.

Other than the Board Exco, the following Board Committees, which are made up of Independent Directors or a majority of Independent Directors, provide further safeguards to prevent an uneven concentration of power, authority and decision in a single individual:

1. Audit Committee ("AC")
2. Nominating and Remuneration Committee ("NRC")
3. Risk Committee ("RC")

CORPORATE GOVERNANCE REPORT

The effectiveness of each Committee is also closely monitored. The names of the Committee members, the terms of reference, any delegation of the Board's authority to make decisions and each Committee's activities, are disclosed in this report under Principles 4 to 10 thereof.

The Board and the various committees, as at the date of this report, comprise the following members:

		Board Committees			
Name of Director	**Board membership**	**AC**	**NRC**	**RC**	**Board Exco**
Mr Richard J Denny[1]	Chairman and Independent director	Member	Member	Chairman	–
Mr Tan Khai Pang	CEO	–	–	Member	Member
Mr Wong Ming Ghee, Bernard	Independent Director	Member	Chairman	Member	–
Ms Goh Liang Choo[2]	Independent Director	Chairman	Member	Member	–
Mr Paul C Burke	Non-Executive Director	–	–	–	–
Mr Chua Chwee Koh	Non-Executive Director	–	–	–	Chairman

1 Dr Chan Kum Lok, Colin retired from the position of Executive Chairman and director on 31 March 2023 and will assume the role of Advisor to the Board and the CEO effective from 1 April 2023. With Dr Colin Chan's retirement as Executive Chairman, the Board has elected Mr Richard J Denny as the Non-Executive Chairman effective from 1 April 2023. Accordingly, Mr Denny will cease to be the Lead Independent Director effective on the same date.

2 Ms Goh Liang Choo was appointed as an Independent Director effective from 10 November 2022. Ms Goh assumed the appointment of Chairman of AC and Member of NRC on the same date.

PROVISION 1.5
MEETINGS OF BOARD AND BOARD COMMITTEES

The Board meets regularly, formally or otherwise, and as warranted by particular circumstances or as deemed appropriate by the Board members. Attendance via audio or audio-visual equipment is permitted under Article 110(4) of the Company's Constitution. To assist the Board in fulfilling its responsibilities, the Board will be provided with management reports and papers containing adequate, relevant and timely information to support the decision-making process. The Board ensures that Director with other listed board representations, if any, gives sufficient time and attention to the affairs of the Group.

During the financial year reported on, the Company convened 6 Board meetings, 4 AC meetings, 4 NRC meeting, and 22 Board Exco meetings. The RC held its inaugural meeting on 9 May 2023.

Besides formal meetings, Board members also met at informal meetings or via teleconferencing or communicate via emails to discuss specific issues related to the Company's development.

While the Board considers Directors' attendance at Board meetings to be important, it does not consider that to be the only criterion to measure their contributions. Other than participating in these meetings, Board members also rendered guidance and advice on various matters relating to the Group and convened discussions when needed. The Board ensures that Directors give sufficient time and attention to the affairs of the Group.

The Directors' attendance at the above-mentioned meetings are detailed as follows:

Director	Board	AC	NRC[(a)]	RC[(b)]	Board Exco
Number of meetings held	6	4	4	0	22
Name of Directors		**Number of meetings attended**			
Mr Richard J Denny	6	4	4	0	N/A
Mr Tan Khai Pang[1]	5	4	2	0	22
Mr Wong Ming Ghee, Bernard	6	4	4	0	N/A
Ms Goh Liang Choo[2]	4	2	2	0	N/A
Mr Paul C Burke	6	N/A	N/A	N/A	N/A
Mr Chua Chwee Koh	6	N/A	N/A	N/A	22
Dr Chan Kum Lok, Colin[3]	6	N/A	N/A	N/A	22

(a) Prior to merger of the Nominating Committee and the Remuneration Committees on 10 November 2022, each committee held one (1) meeting which attributed to two (2) meetings.

(b) A separate Risk Committee ("**RC**") is established on 10 November and convened its inaugural meeting on 9 May 2023.

1 Mr Tan Khai Pang was a member of the Nominating Committee and the Remuneration Committee before both committees merge with effect from 10 November 2022.

2 Ms Goh Liang Choo was appointed as an Independent Director effective from 10 November 2022.

3 Dr Chan Kum Lok Colin retired from his position as Executive Chairman and Director on 31 March 2023 and assume the role as Advisor to the Board and to the Chief Executive Officer with effect on and from 1 April 2023. Accordingly, he will also relinquish his role as a member of the Board Exco Committee.

N/A - Not applicable, as the Directors are non-members of the Board Committees.

PROVISION 1.6
BOARD'S ACCESS TO INFORMATION

The Management of the Company provides the Board with balanced and understandable accounts of the Group's performance, financial position and business prospects on a regular basis. They also specify major issues that are relevant to the Group's performance. Periodic financial summary reports, budgets, forecasts and other disclosure documents are provided to the Board, where appropriate, prior to Board meetings.

PROVISION 1.7
BOARD'S ACCESS TO MANAGEMENT, COMPANY SECRETARY AND EXTERNAL ADVISERS

The Board has separate and independent access to the Company Secretary and the Management. The Company Secretary ensures that board procedures and applicable rules and regulations are followed. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Board has adopted a policy to seek independent professional advice, in order for the Directors to effectively discharge their duties and responsibilities. Costs of such advice would be borne by the Company.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: 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.

PROVISION 2.1
INDEPENDENT ELEMENT ON THE BOARD

The Board comprises six members, three of whom, namely Mr Richard J Denny, Mr Wong Ming Ghee, Bernard and Ms Goh Liang Choo are Independent Directors. The remaining three members comprise two Non-Executive Directors and one Executive Director who is also the CEO.

The criterion for independence is based on the definition given in the Code and in the Listing Rules. The Code has defined an "independent" director as one who is independent in conduct, character and judgment and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the company. Under the Listing Rules, an independent director is not one who is or has been employed by the company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the company or any of its related corporations and whose remuneration is determined by the remuneration committee.

All the Independent Directors of the Company have confirmed their independence and that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment pursuant to the Listing Rules. None of the independent Directors have served on Board for more than nine years from the date of their respective appointments.

PROVISIONS 2.2 AND 2.3
COMPOSITION OF INDEPENDENT DIRECTORS AND NON-EXECUTIVE DIRECTORS ON THE BOARD

Under Rule 210(5)(c) of the SGX-ST Listing Manual, the Board must have at least two Independent Directors who make up at least one-third of the board. In the event of any retirement or resignation which renders the issuer unable to meet any of the foregoing requirements, the Company should endeavour to fill the vacancy within two months, but in any case not later than three months. The composition of our Board complies with the Listing Rule.

Under Provision 2.2 of the Code, the independent directors should make up a majority of the board where the chairman is not an independent director. Under Provision 2.3 of the Code, the non-executive directors should make up a majority of the board.

Dr Colin Chan Kum Lok retired from his position as Executive Chairman and Director on 31 March 2023 and assumed the role of Advisor to the Board and to the CEO with effect on and from 1 April 2023. With the retirement of Dr Chan from his position as Executive Chairman and following the recommendations of the Code, the Board appointed Mr Richard J Denny as the Independent and Non-executive Chairman of the Company with effect from 1 April 2023. With the appointment of an Independent Chairman, there is no requirement under the Code to have a Lead Independent Director. Accordingly, Mr Richard J Denny ceased to be the Lead Independent Director with effect from the same date.

Consequently, the reconstituted Board with effect from 1 April 2023 comprises six directors of which three are Non-Executive and Independent Directors, two are Non-Executive Directors and one is an Executive Director. The majority of the Board comprises Non-Executive Directors in compliance with Provision 2.3 of the Code. The reconstituted Board has a good balance of authority and power within the Board. In addition, each of the NRC, AC and RC, which assists the Board in its functions, comprises all Independent Directors. For the Board Exco comprising a Non-Executive Director who is the chairman and an Executive Director, all decisions have to be unanimous, otherwise, the matter will be referred to the Board for approval. 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.

PROVISION 2.4
BOARD SIZE AND DIVERSITY

The composition of the Board is reviewed on an annual basis by the NRC. The NRC is of the opinion that the current size of the Board is adequate, taking into account the nature and scope of the Group's operations.

The Board has in place a Board Diversity Policy to ensure that the Board has an appropriate level of diversity of thoughts and backgrounds to enable wider perspectives which encourage more effective discussions, better decision-making and governance of the Company and its businesses. The Board members collectively have the necessary skills and competencies, covering business and management experience, industry knowledge and strategic planning skills, for the effective functioning of the Board and informed decision-making.

Annually the NRC reviews and assesses the Board composition, and recommends the appointment of new directors, where applicable. For new and continuing appointments, the NRC will consider factors such as skills, experience, age, gender, educational and professional background, tenure of service and other relevant personal attributes that are important and needed to support good decision making at the Board level. As gender is an important aspect of diversity, the NRC will strive to ensure that the search for candidates for Board appointments will include female candidates that meet the set requirements for a new candidate, if the opportunity arises.

Mr Tan Khai Pang, one of the co-founders of the Company has more than 30 years of experience in the business. Mr Richard J Denny, 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 Paul C Burke is an entrepreneur with over 25 years of experience in the aviation industry and product design and manufacturing for the e-mobility market. Besides being the Asia Pacific Region Head of The Lubrizol Corporation for 10 years, Mr Wong Ming Ghee, Bernard has a career spanning 36 years with Mobil, BP and Lubrizol, with 19 years based in the PRC. Hence, he has vast experience in the petroleum and chemicals industries with focus on Asia Pacific. Mr Chua Chwee Koh 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. Ms Goh brings with her more than 30 years of management and international experience spanning her career in Shell International, UBS Warburg (London), General Electric Company (USA) and Ernst & Young Singapore. Ms Goh's broad and deep expertise includes financial management, board governance, acquisitions and business integrations, risk management, external audit, business and process transformation.

The Company is of the view that the Board, as a whole, provides core competencies necessary to meet the Group's requirements, taking into account the nature and scope of the Group's operations; in particular Mr Denny and Mr Burke, with their backgrounds and experience, bring with them wide perspectives which encourage more effective discussions and better decision-making. In addition, Ms Goh being a chartered accountant and the first female director of the Company further strengthen diversity in the Board.

The Board has achieved its target of appropriate level of diversity of thoughts and backgrounds to enable wider perspectives as set out in its diversity policy. For any appointment to the Board or in any Board renewal where applicable, the NRC will ensure the candidate must be of the right fit, taking into account the relevant strategies and needs of the Group at that time. The NRC will continue to review the Board's diversity policy to ensure its effectiveness and where applicable, will recommend appropriate revisions to the Board for consideration and approval.

The details of the Directors' background and experience are set out in the "Board of Directors" section of this Annual Report.

PROVISION 2.5
ROLE OF NON-EXECUTIVE DIRECTORS

During the financial year reported on, the Non-Executive Directors constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors. The Non-Executive Directors communicate among themselves without the presence of the Management as and when the need arises. The Non-Executive Directors provides feedback to the Chairman or the Board as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the board and management, and no one individual has unfettered powers of decision-making.

PROVISIONS 3.1 AND 3.2
SEPARATE ROLES OF CHAIRMAN AND CEO

The Chairman and the Chief Executive Officer ("**CEO**") of the Company are separate persons. Mr. Richard J Denny, the Chairman is an Independent Director while Mr. Tan Khai Pang is the CEO. This ensures that there is an appropriate balance of power between the Chairman of the Board and the CEO, thereby allowing increased accountability and greater capacity of the Board for independent decision-making.

As Chairman, Mr Richard J Denny's responsibilities include:

- leading the Board in its role;
- scheduling meetings (with assistance from the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- preparing meeting agenda;
- reviewing all if not most Board papers before they are presented to the Board;
- ensuring effective communication with Shareholders;
- promoting corporate governance; and
- adherence to the Listing Rules and other regulatory requirements.

Mr. Richard J Denny, the Independent Director and Chairman, is consulted on the business of the Board and the Board Committees. Whereas Mr Tan Khai Pang as the CEO of the Company is responsible for setting the business strategies and directions for the Group and manages the business operations of the Group. He is assisted by an experienced and qualified team of executive officers of the Company.

The CEO consults with the Board and Board Committees on major issues. There are constant communications among Board members, and no Director represents a considerable concentration of power as any key decision will require the approval from all Directors prior to implementation.

With the positions of Chairman and the CEO filled by different persons, there is a clear separation of roles and responsibilities between the Chairman and the CEO. The Chairman and the CEO are not related.

PROVISION 3.3
LEAD INDEPENDENT DIRECTOR

The Company does not have a lead Independent Director as (i) the Chairman is independent and (ii) the Chairman and the CEO of the Company are separate persons. The Chairman, as an Independent Director, together with the other Independent Directors are available to Shareholders where they have concerns and for which contact through the normal channels of communication with the Management are inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the board.

The Board had merged the Nominating Committee and Remuneration Committee into a new Committee, known as Nominating and Remuneration Committee ("**NRC**") in November, which aimed to improve its efficiency and effectiveness in discharging its duties. The scope and responsibilities of NRC are set out in the Term of Reference approved by the Board.

PROVISIONS 4.1 AND 4.2
NOMINATING AND REMUNERATION COMMITTEE

The NRC comprises three (3) Independent Directors, namely:

Mr Wong Ming Ghee, Bernard	(Chairman/Independent Director)
Mr Richard J Denny	(Member/ Independent Director)
Ms Goh Liang Choo	(Member/Independent Director)

The role of the NRC as a nominating committee is to make recommendations to the Board on relevant matters relating to:

(a) the review of the succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(b) the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors, including the review of the independence of the Independent Directors;

(c) the review of training and professional development programmes for the Board and its Directors; and

(d) the appointment and re-appointment of Directors (including alternate Directors, if any).

The NRC will review Board succession plans for Directors, and will seek to refresh the Board membership in an orderly manner where it deems applicable. The NRC will also ensure that the Company has succession planning for its Executive Directors and key management personnel, including the appointment, training and mentoring of successors. The NRC has reviewed contingency arrangements for any unexpected incapacity of the Executive Director or any of key management personnel, and is satisfied with the procedures in place in ensuring the transition to a full operational management team.

PROVISION 4.3
PROCESS FOR THE SELECTION, APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The Company has in place policies and procedures for the appointment of new Directors, including the description on the search and nomination process.

The composition of the Board is reviewed on an annual basis by the NRC to ensure that the Board is of the appropriate size and has the mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Where there is a resignation or retirement of an existing Director, the NRC will re-evaluate the Board composition to assess the competencies for the replacement. The NRC will deliberate and propose to the Board the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NRC could include among other things, whether the new Director can add to or complement the mix of skills and qualifications in the existing Board; relevance of his or her experience and contributions to the business of the Group; and the depth and breadth he or she could bring to Board discussions. Candidates are sourced through a network of contacts and identified based on the established criteria. Search can be made through relevant institutions such as the Singapore Institute of Directors, professional organisations, business federations or external search consultants. New Directors will be appointed by way of a resolution by the Board or the Shareholders, after the NRC makes the necessary recommendation to the Board.

Article 104 of the Company's Constitution requires one-third of the Directors to retire at each AGM. Article 105 of the Company's Constitution requires those Directors to retire to be those longest in office since their last re-election or appointment or those who have been in office for the three years since their last election. Article 108 of the Company's Constitution requires any director appointed by the Board during the year to retire at the next AGM. Rule 720(5) of the Listing Rules requires all directors to submit themselves for re-nomination and re-election at least once every three years.

Mr Richard J Denny and Mr Paul C Burke are due to retire at the forthcoming AGM pursuant to Regulation 104 of the Company's Constitution and Rule 720(5) of the Listing Rules. Ms Goh Liang Choo who was appointed as a Non-Executive and Independent Director on 10 November 2022 is due to retire at the forthcoming AGM pursuant to Article 108 of the Company's Constitution. The NRC has recommended to the Board the re-election of Mr Richard J Denny, Mr Paul C Burke and Ms Goh Liang Choo at the forthcoming AGM. The Board has accepted the NRC's recommendation.

The information on Mr Richard J Denny, Mr Paul C Burkeand Ms Goh Liang Choo as required in Appendix 7.4.1 of the Listing Manual of the SGX-ST is contained in the Notice of the AGM.

PROVISION 4.4
DETERMINING DIRECTORS' INDEPENDENCE

Each Independent Director completes a checklist to confirm his independence on an annual basis. The NRC has reviewed the independence of the Directors as mentioned under Provision 2.1.

PROVISION 4.5
DIRECTORS' MULTIPLE BOARD REPRESENTATIONS

The NRC ensures that new Directors are aware of their duties and obligations. Each Director signs the undertaking in the form set out in Appendix 7.7 of the Listing Manual of the SGX-ST to undertake to use their best endeavours to comply with the Listing Rules and to procure that the Company too shall so comply.

The NRC considers and it is of the view that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of Committees on which they serve are of different complexities. Accordingly, the NRC leaves it to each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively. The Board concurs with the NRC.

Mr Richard J Denny and Mr Paul C Burke have confirmed that they are able to devote sufficient time and attention to the affairs of the Group. They do not have any full-time executive commitments in any companies and their experiences are valuable to the Board and the Board Committees. Mr Bernard Wong and Mr Chua Chwee Kok have confirmed that they would be able to devote sufficient time and attention to the affairs of the Group.

After making all reasonable enquiries and having considered the aforementioned, nothing has come to the attention of the NRC to cause them to doubt that the Non-Executive Directors including Mr Richard J Denny and Mr Paul C Burke would not have the ability to commit sufficient time and attention to the affairs of the Group.

Details of the Directors' principal commitments and outside directorships are set out in the "Board of Directors" section of this Annual Report.

BOARD PERFORMANCE

Principle 5: The board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

PROVISIONS 5.1 AND 5.2
CONDUCT OF BOARD PERFORMANCE

The NRC has established a formal evaluation process to assess the effectiveness of individual Directors and of the Board as a whole.

Each year, the Directors are requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board Committees, as well as each individual Director's contributions to the Board and the Board Committees.

The appraisal of the Board considers the Board composition, maintenance of independence, timeliness and completeness of information provided to the Board, Board process, Board accountability, communication with the Management and standard of conduct. The results of the appraisal exercise are considered by the NRC, which then makes recommendations to the Board with the aim of helping the Board to discharge its duties more effectively. The Directors are assessed on their experience in being a company director, competence and knowledge, the level and quality of involvement during the course of the year, attendance record at meetings of the Board and the Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

The Board Committees are assessed on the work they perform in accordance with their terms of reference and the objectivity and independence in their deliberations and recommendations they presented to the Board.

For FY2023, the NRC has reviewed each individual Director's performance during the appraisal exercise and the overall assessment of individual Directors and of the Board and Board Committees as a whole were good, effective and have acted independently in the interest of all shareholders. The NRC has discussed the results with the Board and it is the Board's endeavour to, where appropriate, further improve and enhance its effectiveness over the Group's performance, financially or otherwise. The Board is also satisfied that each Director has allocated sufficient time and resources to the affairs of the Group. All NRC members have abstained from the review process in connection with the assessment of his own performance.

The Company does not use any external professional facilitator for the assessments of the Board, Board Committees and individual Directors, and will consider the use of such facilitator as and when appropriate.

REMUNERATION MATTERS

Principle 6: The board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

PROVISIONS 6.1 AND 6.2
REMUNERATION COMMITTEE

Matters concerning remuneration and compensation packages for senior management and the Executive Directors are determined and reviewed by the NRC, after giving due regard to the financial and commercial health, and business needs of the Group.

The NRC comprises three (3) Independent Directors, namely:

Mr Wong Ming Ghee, Bernard	(Chairman/ Independent Director)
Mr Richard J Denny	(Member/Independent Director)
Ms Goh Liang Choo	(Member/ Independent Director)

The Company has consolidated the functions of both the nominating and remuneration committees under the umbrella of the NRC as a single Board Committee and carried out its duties in accordance with the terms of reference. The role of the NRC as a remuneration committee is to recommend to the Board a framework for remunerating the Board and key management personnel and to determine specific remuneration packages for each Executive Director as well as for the key management personnel of the Group. Each RC member will abstain from voting on any resolution in respect of his own remuneration package.

PROVISION 6.3
REVIEW OF REMUNERATION

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in-kind, will be covered by the NRC. Each NRC member will abstain from voting on any resolution in respect of his own remuneration package. The recommendations of the NRC will be submitted to the Board for endorsement.

Each of the Executive Directors and key management personnel has an employment contract with the Company which can be terminated by either party giving notice of resignation/termination. Each appointment is on an ongoing basis and no onerous or over-generous removal clauses are contained in his or her letter of employment. The Company does not have any contractual provisions in the employment contracts for the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel.

PROVISION 6.4
ENGAGEMENT OF REMUNERATION CONSULTANTS

The NRC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company. For FY2023, the NRC did not engage any expert professional advice.

LEVEL AND STRUCTURE OF REMUNERATION

Principle 7: The level and structure of remuneration of the board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

PROVISION 7.1
REMUNERATION OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The Company's remuneration policy is to provide compensation packages at market rates which reward good performance and attract, retain and motivate Executive Directors and employees.

The NRC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director and key management personnel when determining their respective remuneration packages.

Executive Directors and key management personnel of the Group are paid a fixed monthly salary and variable bonus based on a combination of the Group's performance, their operating unit performance and individual performance. The NRC members recommend the remuneration packages of Executive Directors and key management personnel of the Group for the approval by the Board.

PROVISION 7.2
REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Board has also recommended that a fixed fee be paid to each of the Non-Executive Directors, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The fees of the Non-Executive Directors will be subject to Shareholders' approval at the AGM.

PROVISION 7.3
APPROPRIATE REMUNERATION TO ATTRACT, RETAIN AND MOTIVATE KEY MANAGEMENT PERSONNEL AND DIRECTORS

The Company has a share incentive scheme, namely, the Addvalue Technologies Performance Share Plan. The NRC has reviewed and is satisfied that the existing remuneration structure for Executive Directors and key management personnel of the Group for their fixed and variable components to be paid out in cash would continue to be adequate in incentivising performance without being over-excessive. The NRC is satisfied that the remuneration for the Non-Executive Directors as described under Provision 7.2 are appropriate to retain and motivate the Directors to continue in their role as stewards of the Company.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

PROVISION 8.1
REMUNERATION REPORT

Details of the remuneration paid or proposed to be paid to the Directors of the Company for the FY2023 are set out below:

Remuneration Bands	Director	Director's Fees (%)	Fixed Salary[1] (%)	Benefits[1] (%)	Share Awards[2] (%)
Above S$500,000	Nil	–	–	–	–
S$250,000 to S$499,999	Dr Chan Kum Lok, Colin[3]	–	88	12	–
	Mr Tan Khai Pang	–	86	14	–
Below S$250,000	Mr Richard J Denny	100	–	–	–
	Mr Wong Ming Ghee, Bernard	100	–	–	–
	Mr Paul C Burke	100	–	–	–
	Mr Chua Chwee Koh	100	–	–	–
	Ms Goh Liang Choo[4]	100	–	–	–

1. The fixed salary amounts include salary, annual wage supplements and Central Provident Fund contribution while the benefits include variable bonuses linked to individual performances and other allowances.

2. Share Awards refers to the share-based payment pursuant to the Award Shares granted in FY2022 under the Addvalue Technologies Performance Share Plan

3. Dr Chan Kum Lok, Colin relinquished his appointment as Executive Chairman and Director on 31 March 2023.

4. Ms Goh Liang Choo was appointed as Independent Non-Executive Director on 10 November 2022.

For FY2023 Annual Report, the Board considered the disclosure of Directors' remuneration in bands of S$250,000 as adequate due to reasons of industry competitiveness, confidentiality and sensitivity of remuneration matters. The Board is of the view that it would be disadvantaged to the Group to detail the remuneration of the Executive Director. The Executive Director, who is non-substantial Shareholders of the Company, is employee of the Group like any of the other key management personnel who are not Directors and whose remuneration are disclosed in bands of S$250,000. The Board is of view that he should not be disadvantaged relative to the other key management personnel of the Group just merely because he is a Director.

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. The Company believes that such a disclosure, taking into account of the reasoning mentioned above, provides Shareholders with an adequate appreciation of the remuneration packages of the Directors and is consistent with the intent of Principle 8 of the Code.

CORPORATE GOVERNANCE REPORT

The Company takes cognizance of new listing rules relating to disclosure of remuneration of directors and CEO for annual reports prepared for the financial years ending or after 31 December 2024. The Company will work towards compliance with the new listing rules relating to disclosure of remuneration of directors and CEO.

Other than this, the Company has complied with the rest of the disclosure requirements under Provision 8.1 of the 2018 CG Code.

Top 5 Management Personnel (who are not Directors)

Details of the remuneration paid to the Key Executives for FY2023 are set out below:

Remuneration Bands	Name of Key Executive	Designation	Fixed Salary[1] (%)	Benefits[1] (%)
S$250,000 to S$499,999	Nil		–	–
Below S$250,000	Mr Tan Juay Hwa	Project Director	87	13
	Ms Chow Choi Fun, Jackie	Financial Controller	93	7
	Mr K Kalaivanan	Vice President, Solutions Platform	93	7
	Mr Richard Lau[2]	Chief Commercial Officer	99	1
	Mr Low Boon Leng[3]	Chief Technology Officer	92	8

1. The fixed salary amounts include salary, annual wage supplements and Central Provident Fund contribution while the benefits include variable bonuses linked to individual performances and other allowances.

2. Mr Richard Lau was promoted to Chief Commercial Officer from Senior VP Commercial and Marketing wef 1 February 2023.

3. Mr Low Boon Leng was promoted to Chief Technology Officer from Deputy Chief Technology wef 1 February 2023.

The present top five key management team of the Group, who are not Directors of the Company, comprised five personnel as disclosed above. The total remuneration paid to the five of them for FY2023 aggregated US$543,554.

There are no termination, retirement, and post-employment benefits that may be granted to the Non-Executive Directors and the CEO and key management personnel of the Group.

PROVISION 8.2
REMUNERATION OF EMPLOYEES WHO ARE SUBSTANTIAL SHAREHOLDERS OR IMMEDIATE FAMILY MEMBERS OF DIRECTORS, CEO OR SUBSTANTIAL SHAREHOLDERS

During FY2023 and as at the date of this Annual Report, none of the employees of the Group are substantial shareholders or family members of any of the Directors, CEO or substantial Shareholders.

PROVISION 8.3
SHARE INCENTIVE SCHEME

The Addvalue Technologies Performance Share Plan, approved at an extraordinary general meeting held on 28 July 2017, was put in place to allow the Company to have flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees. No awards or shares were issued for FY2023 under the aforesaid share plan.

ACCOUNTABILITY AND AUDIT

RISK MANGEMENT AND INTERNAL CONTROLS

Principle 9: The board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

PROVISION 9.1
RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for ensuring that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets. The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of In.Corp Business Advisory Pte Ltd ("**In.Corp**"), a third party which the Company has appointed as its internal auditors since November 2019.

The main risks arising from the Group's business and financial instruments are operational and financial risks. Operational risk is inherent in all business activities. To minimize such risk, the Group has put in place an Enterprise Risk Management Programme ("**ERM**"). The purpose of this programme was to actively engage senior management on a "hands-on" and proactive approach in managing and supervising the Group's business, with focus on operational and compliance risks. The Group has also engaged In.Corp since November 2019 as its consultant to assist in this area.

Having considered the Group's business operations, the existing internal control and risk management systems of the Group and the appointment of In.Corp as its internal auditors, the Board is of the view that a separate risk committee shall be established in 2023. The Risk Committee ("**RC**") convened its inaugural meeting on 9 May 2023.

The RC comprises three (3) Independent and Non-executive Directors and the CEO, namely:

Mr Richard J Denny (Chairman)	Independent Non-executive Director
Mr Wong Ming Ghee, Bernard (Member)	Independent Non-executive Director
Ms Goh Liang Choo (Member)	Independent Non-executive Director
Mr Tan Khai Pang (Member)	CEO

The quorum necessary for the Committee shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

The RC carried out its duties in accordance with the terms of reference. The Committee shall review the Group's strategy, policies, framework, processes and procedures for the identification, measurement, reporting and mitigation of material risks in the Group's business, with due consideration to applicable laws and regulations, as appropriate, and report any significant matters, findings and recommendations in this regard to the Board.

The Independent and Non-Executive Directors believe that the RC benefits and will continue to benefit from the inputs of Mr Tan Khai Pang who is the CEO, in carrying out its functions effectively.

The AC and RC reviewed the internal audit reports provided by In.Corp and the adequacy and effectiveness of the Group's internal control system in the light of key business and financial risks affecting its business.

PROVISION 9.2
ASSURANCES FROM THE CEO AND FINANCIAL CONTROLLER

For FY2023, the Board has received assurance from the CEO and Financial Controller of the Company in the execution of their respective duties as CEO and Financial Controller and to the best of their knowledge and belief that the financial records of the Group have been properly maintained; the financial statements give a true and fair view of the Group's operations and finances; and the Group's risk management and internal control systems are adequate and effective.

BOARD'S COMMENT ON ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROLS

Based on the work performed by the external and internal auditors, the system of risk management and internal controls established and maintained by the Group, the assurances from the CEO and Financial Controller of the Company, the reviews performed by the Management, the various Board Committees and the Board, pursuant to Rule 1207 (10) of the Listing Rules, the Board is of the opinion that the Group's internal controls, including operation, financial, compliance, information technology controls and risk management system, are adequate and effective as at the date of this Annual Report. The AC concurs with the Board's opinion based on their reviews of the Group's risk management and internal control systems.

The Board recognises that the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and that no systems of internal controls or risk management can provide absolute assurance against the occurrence of errors, poor judgment in decision making, losses, frauds or other irregularities. It can only provide reasonable and not absolute assurance against material misstatement or loss or that the Group will not be adversely affected by any event that can be reasonably foreseen.

AUDIT AND RISK MANAGEMENT COMMITTEE

Principle 10: The board has an audit committee which discharges its duties objectively.

PROVISIONS 10.1 AND 10.2
AC MEMBERSHIP & COMPOSITION

The AC comprises three (3) independent and Non-executive Directors:

Ms Goh Liang Choo	(Chairman/ Independent Director)
Mr Richard J Denny	(Member/Independent Director)
Mr Wong Ming Ghee, Bernard	(Member/ Independent Director)

All the AC members have had many years of senior management experience, and were responsible and accountable for the financial performance of operations under their charge and had developed strong accounting or financial related management expertise. All the AC members are kept up to date with changes in accounting standards and issues through updates from the external auditors. The Board is of the view that the AC is able to discharge its functions effectively.

The AC carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967, the Listing Rules, the Best Practices Guide issued by the SGX-ST and the provisions of the Code. In performing those functions, the AC shall review, amongst others:

- the scope, adequacy, effectiveness, independence and the results of internal audit functions and audit procedures with the Company's internal auditors;
- the adequacy, effectiveness, independence and scope of the audit plan of the Company's external auditors and its report on the weaknesses of internal accounting controls arising from the statutory audit;
- the assistance given by the Management to the internal and external auditors;
- the adequacy and effectiveness of the Company's internal control and risk management systems at least on an annual basis;
- the assurance from the CEO and the Financial Controller on the proper upkeep of financial records and financial statements;
- the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and the disclosures thereof in relation to the periodic results announcements of the Group prior to their submission to the Board for approval;
- the financial statements of the Company and the consolidated financial statements of the Group as well as the external auditors' report thereon for each financial year prior to their submission to the Board for approval;
- recommendations to the Board on the appointment, re-appointment or removal of the external auditors and the remuneration and terms of engagement of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST); and
- oversight over the administration of the framework for whistle-blowing.

The AC has full access to the Management and is given the resources required for it to discharge its functions. The AC has authority to investigate any matter within its terms of reference and discretion to invite any Director or executive officer of the Group (the "**Executive Officer**") to attend its meetings.

The AC also reviewed the key audit matters ("**KAM**") set out in the auditor's report for FY2023. The AC had discussed and noted, together with the external auditors and the Management, on the approach and methodology applied by the external auditors in relation to the assessment of judgments and estimates on the significant matters reported in the KAM.

The Company confirms that it has complied with Rules 712 and 715 of the Listing Rules in engaging Mazars LLP, an accounting firm registered with the Accounting and Corporate Regulatory Authority of Singapore, as the external auditors of the Company and its Singapore subsidiaries. Mazars LLP have audited the Group's significant foreign subsidiaries for the purpose of expressing an opinion on the consolidated financial statements.

With Amba Partners CPA Limited appointed as the external auditors of the Company's subsidiary incorporated in Hong Kong, and Beijing An Zheng CPA Co., Ltd as the external auditors of the Company's subsidiary incorporated in the People's Republic of China, the Board and the AC are satisfied that the appointment of different auditors would not compromise the standard and the effectiveness of the audit of the Group and that Rule 716 of the Listing Rules has been complied with.

Independence of external auditors

The AC reviews the independence of the external auditors annually. It reviewed the amount of non-audit services rendered to the Group by the external auditors and was satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The aggregate fees paid to the Group's external auditor Mazars LLP, for FY2023 were $120,000 (FY2022: $113,500), with no non-audit services provided in FY2023 (FY2022 : S$3,500 or 3.7% of the total fees paid). Being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, the AC recommended to the Board that Mazars LLP be nominated for re-appointment as the external auditors of the Group's companies in Singapore at the forthcoming AGM at remuneration to be re-negotiated.

Whistle-blowing Policy

The Company has in place a whistle-blowing framework for staff to raise concerns about improprieties. The policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objective of such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

The AC is responsible for oversight and monitoring of any whistle-blowing matters and the findings will be reported to the Board. The AC will ensure that those procedures are conducted by persons who are independent of the complaint.

All whistle-blowing reports will be handled confidentially, except as necessary or appropriate to conduct investigation and to take remedial action, in accordance with the applicable law and regulations. In this regard, the identity of the whistle-blower making the allegation will be kept confidential and confined to disclosures on a need-to-know basis to the AC, the investigating team, the Board of Directors of the Company; and any party to whom the identity of the whistle-blower is required to be disclosed by law.

The Company will not tolerate the harassment or victimisation of anyone reporting a genuine concern. If the whistle-blower has suffered adverse treatment, harassment or victimisation as a result of his or her disclosure, he or she should submit a formal complaint to the Human Resource Department or higher authority as appropriate. An investigation may take place and disciplinary action may be taken against any person who harasses or victimises the whistle-blower or subject the whistle-blower to detrimental or unfair treatment.

There were no reports of whistle-blowing received in FY2023.

PROVISION 10.3
PARTNERS OR DIRECTORS OF THE COMPANY'S AUDITING FIRM

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

PROVISION 10.4
INTERNAL AUDIT

In view of the needs to comply with the Group's established procedures, manuals and policies, including those required by the Group's ISO 9001 certification and Business Continuity Management Programme, the Group had since FY2020 engaged In.Corp as its independent internal auditors to review the internal controls and compliance systems of the Group under the Internal Audit Charter and Audit Plans approved by the AC. In.Corp, a member firm of Kreston International, carries out its internal audit functions according to the standards of the Professional Practice of Internal Auditing of the Institute of Internal Audit (IIA), and reports the findings thereof and makes recommendation to the Management and the AC. The AC is generally satisfied with the independence, adequacy and effectiveness of the current internal audit arrangement, and will continue to access its effectiveness regularly.

The AC will also review the audit plans and the findings of the external auditors and will ensure that the Group follows up on the external auditors' recommendations raised, if any, during the audit process.

PROVISION 10.5
MEETING WITH AUDITORS WITHOUT PRESENCE OF MANAGEMENT

During the year, the Company's external auditors were invited to attend the AC meetings and make presentations as appropriate. The AC has the discretion to meet separately with the external auditors or outside of the meeting without the presence of the Management. The AC Chairman has met up with the external and internal auditors once without the presence of the management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

PROVISION 11.1
PROVIDING OPPORTUNITY FOR SHAREHOLDERS TO PARTICIPATE AND VOTE AT GENERAL MEETINGS

Every Shareholder has the right to receive notice of general meetings and to vote thereat. Notice of a general meeting is sent out at least 14 days before the meeting so that sufficient notice of meeting is given to Shareholders to attend the meeting or appoint proxies to attend and vote in their stead.

At the AGM, Shareholders are given the opportunities to express their views and ask the Board and the Management questions regarding the operations of the Company. All resolutions at general meetings are required to be voted by poll under the Listing Rules. Shareholders will be briefed by the Company on the poll voting procedures at general meetings.

Results of the general meetings are released as an announcement in the SGXNET of the SGX-ST.

The forthcoming AGM will be held in-person and in accordance with the requirements of the Companies Act and Listing Manual, in particular Practice Note 7.5 of the Listing Manual. Shareholders can submit questions in advance of the AGM by post or email to the Company and on the day they attend the meeting. The Company will endeavour to address all substantial and relevant questions and if received by the prescribed deadline in the Notice of AGM, prior to the meeting. For substantial and relevant questions received after the prescribed deadline, the Company will endeavour to address them together with questions raised at the Annual General Meeting.

PROVISION 11.2
SEPARATE RESOLUTIONS AT GENERAL MEETINGS

The Company will have separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed separate resolution relating to the said item. For resolutions on the election or re-election of Directors, information on the Directors as set out in Appendix 7.4.1 of the Listing Manual of the SGX-ST are given on the Notice of Annual General Meeting.

PROVISION 11.3
ATTENDANCE OF DIRECTORS AND AUDITORS AT GENERAL MEETINGS

The external auditors and the chairpersons of all the Board Committees are present to assist the Directors in addressing any relevant queries raised by the Shareholders.

PROVISION 11.4
ABSENTIA VOTING

The Company's Constitution allows appointment of proxies by a Shareholder who is absent from a general meeting to exercise his or her vote in absence through his or her proxy or proxies. The Company's Constitution allows all Shareholders (who are not relevant intermediaries as set out under the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf. The Companies Act allows relevant intermediaries such as the CPF agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

PROVISION 11.5
MINUTES OF GENERAL MEETINGS

The Company prepares minutes of general meetings detailing the proceedings and questions raised by Shareholders and answers given by the Board and the Management. The minutes will be taken and published within one month after the general meeting on SGXNet and on the Company's corporate website at www.addvaluetech.com.

PROVISION 11.6
DIVIDENDS

The Group currently does not have a formal dividend policy as it needs to conserve its financial resources for expansion or making inroads into newly cultivated markets.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

PROVISION 12.1
AVENUES FOR COMMUNICATION BETWEEN THE BOARD AND SHAREHOLDERS

The Board is mindful of its obligations to furnish timely information and to ensure full disclosure of material information in compliance with the requirements of the Listing Rules. Price sensitive and trade-sensitive information are publicly announced before it is communicated to any other interested person.

The Company does not practice selective disclosure, and price-sensitive and trade-sensitive information is publicly released on an immediate basis where required under the Listing Rules. The Board is mindful of the obligations to provide timely disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. Financial results are released promptly through the SGXNET of the SGX-ST. As and when needed, a copy of the Annual Report, Circulars and notice of general meetings will be sent to every Shareholder on a timely basis. The Board believes that general meetings serve as an opportune forum for Shareholders to meet the Board and key management personnel, and to interact with them. The FY2023 Annual Report will be made available for viewing at the Company's corporate website (at www.addvaluetech.com) and via the SGXNET of the SGX-ST at least 14 days before the coming AGM and will be sent to shareholders upon request in line with the "going green" practice due to the world-wide climate concern.

PROVISIONS 12.2 AND 12.3
INVESTOR RELATIONS

The Board places great emphasis on investor relations with the Company to maintain a high standard of transparency so as to promote better investor communications.

The Company investor relations policy is to communicate with its Shareholders and the investment community through the timely and equal dissemination of information and news via announcements to the SGX-ST via its SGXNET. The Company does not practice selective disclosure.

The Company strives to reach out to Shareholders and investors via its online investor relations site within its corporate website (at www.addvaluetech.com), where it updates Shareholders and investors on the latest news and business developments of the Group.

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

PROVISIONS 13.1 AND 13.2
ENGAGE WITH ITS MATERIAL STAKEHOLDER GROUPS

The Group's material stakeholders are its investors, customers, business partners and vendors, employees and regulators, and the Company engages with them in identifying business imperatives to drive improvements in sustainability through its normal course of business as set out in the Sustainability Report for FY2023 which is incorporated in this Annual Report will be posted on the SGXNET of the SGX-ST and the Company's corporate website (at www.addvaluetech.com) in accordance to Rule 711(A).

PROVISION 13.3
CORPORATE WEBSITE TO COMMUNICATE AND ENGAGE WITH STAKEHOLDERS

The Group maintains a corporate website at www.addvaluetech.com which stakeholders and investors can access information on the Group. The website provides, inter alia, corporate announcements, press releases and profiles of the Group. Stakeholders and investors are provided with an investor relations contact at investor@addvalue.com.sg, where they can send their queries to and the Company will endeavour to respond thereafter.

INTERESTED PERSON TRANSACTION

The Group has adopted an internal policy in respect of any transactions with interested persons, and requires all such transactions to be at arm's length and reviewed by the AC. The Company does not have any general mandate pursuant to Rule 920 of the Listing Rules.

Save for the following interested person transactions as disclosed below, there were no interested person transactions (of more than S$100,000) entered into by the Company or any of its subsidiaries for FY2023.

Name of the interested person/ Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) US$	Aggregate value of all interested person transactions conducted under the Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$
Mr Paul Burke, a Non-Executive Director	113,156[(1)]	Nil

Note:

(1) Being interest due under loans extended to the Company by Mr Paul Burke prior to him being a Non-Executive Director of the Company which was settled in 1H2023

SECURITIES TRANSACTIONS

The Company wishes to confirm that it has in place a policy prohibiting dealings in the Company's securities by the Company and its Directors and employees of the Group:

(a) one month before the announcement of its half year and full year unaudited financial statements ("non-dealing period");

(b) on short term considerations; and

(c) when in possession of unpublished price-sensitive or trade-sensitive information.

Two weeks before each non-dealing period, the Company Secretary will notify the Directors and CEO of the Company's share trading prohibition policy. Management of the Company will also ensure that employees of the Group are duly informed of the same.

The Company has complied with the best practices pursuant to Rule 1204(19)(c) of the Listing Rules in not dealing in its own securities during the restricted trading periods.

MATERIAL CONTRACTS

There were no material contracts involving the Company (or any of its subsidiaries) and the interest of the CEO, any Director or controlling Shareholder, which were still subsisting at the end of FY2023.

USE OF PROCEEDS FROM THE ISSUANCE OF THE PLACEMENT SHARES (PURSUANT TO RULE 1207(20) OF THE LISTING MANUAL OF THE SGX-ST)

Pursuant to the Company's announcements on 2 December 2021, 29 December 2021 and 6 January 2022 concerning a fund raising exercise to be carried out through a placement (the "**January 2022 Placement**"), the Company had successfully completed it via the placement of 263,940,000 new ordinary shares of the Company (the "**Placement Shares**") on 6 January 2022 at a placement price of S$0. 0127 per Placement Share for a gross proceed of approximately US$2.47 million (S$3.35 million) and 185,240,000 warrants which when exercised at an exercise price of S$0.0127 per warrant, are convertible into further 185,240,000 new Shares ("**Warrant Shares**") for a gross proceed of approximately US$1.73 million (S$2.35 million), with total gross proceeds of US$4.2 million (S$5.7 million). Further to our announcements on 20 April 2022, 22 April 2022, 27 April 2022 and 7 June 2022, the entire Warrants have been exercised in full with the allotment and issue of 185,240,000 Warrant Shares and there are no outstanding Warrants remaining as at the date of this report.

As at the date of this report, the entire net proceeds of approximately US$4.0 million (S$5.4 million) raised from the above January 2022 Placement and Warrants had been fully utilized for the intended use as follows:

Use of the January 2022 Placement and Warrants proceeds	US$ million	Percentage utilized of allocated amount (%)
Repayment of borrowings	1.70	100
Payment of payables	0.73	100
General working capital purposes:		
• Payments to suppliers for materials and services	0.53	100
• Payment of administrative expenses, including payroll, marketing expenses and other services	1.04	100
Total amount utilized	4.00	

USE OF PROCEEDS FROM THE ISSUANCE OF THE PLACEMENT SHARES (PURSUANT TO RULE 1207(20) OF THE LISTING MANUAL OF THE SGX-ST)

Pursuant to the Company's announcements on 5 December 2021, 29 April 2022 and 10 May 2022 concerning a fund raising exercise to be carried out through a placement (the "**May 2022 Placement**"), the Company had successfully completed it via the issuance and allotment of 169,070,000 new ordinary shares of the Company (the "**May 2022 Placement Shares**") on 10 May 2022 at an issue price of S$0.0127 per May 2022 Placement Share for a gross proceed of approximately US$1.58 million (S$2.15 million).

As at the date of this report, the net proceeds of about US$1.58 million (S$2.10 million) raised from the Shares Issue had been fully utilized for its intended use as follows:

Use of the May 2022 Placement proceeds	US$ million	Percentage utilized of allocated amount (%)
Repayment of borrowings	1.00	100
Payment of payables	0.58	100
General working capital purpose	–	–
Total amount utilized	1.58	

USE OF PROCEEDS FROM THE ISSUANCE OF THE PLACEMENT SHARES (PURSUANT TO RULE 1207(20) OF THE LISTING MANUAL OF THE SGX-ST)

Pursuant to the Company's announcements on 2 December 2021, 28 March 2022, 8 April 2022, 24 April 2022 and 29 April 2022 concerning a fund-raising exercise to be carried out through an optional subscription rights exercise (the "Optional Rights"), granted to certain investors the right to subscribe for up to 425,000,000 new Shares of the Company (the "Optional Subscription Shares") at an issue price of S$0.0127 per Optional Subscription Share, and when fully subscribed, for a gross proceed of up to US$3.98 million (S$5.40 million). Further to our announcements on 31 May 2022, 5 July 2022 and 12 August 2022, following the issue and allotment of 228,000,000 Optional Subscription Shares pursuant to a partial exercise of the Optional Subscription Rights at the issue price of S$0.0127 per Optional Subscription Share, gross proceeds of about US$2.10 million (S$2.90 million) was received as at the date of this report.

As at the date of this report, the balance 197,000,000 Optional Subscription Rights has expired. The entire net proceeds of approximately US$2.00 million (S$2.71 million) received from the above Optional Subscription Shares had been utilized for the intended use as follows:

Use of the Subscription proceeds	US$ million	Percentage utilized of allocated amount (%)
Repayment of borrowings	1.20	100
Payment of payables	0.50	100
General working capital purposes:		
• Payments to suppliers for materials and services	0.10	100
• Payment of administrative expenses, including payroll, marketing expenses and other services	0.20	100
Total amount utilized	2.00	

USE OF PROCEEDS FROM THE ISSUANCE OF THE PLACEMENT SHARES (PURSUANT TO RULE 1207(20) OF THE LISTING MANUAL OF THE SGX-ST)

Pursuant to the Company's announcements on 7 July, 5 August and 11 August 2022 concerning a fund-raising exercise to be carried out through a placement (the "**August 2022 Placement**"), the Company allotted and issued 135,120,000 new ordinary shares of the Company in the share of the Company at a placement price of S$0.0148 per Placement Shares for approximately US$1.43 million (S$2.00 million).

As at the date of this report, the entire net proceeds of about US$1.43 million (S$2.00 million) raised from the Shares Issue had been fully utilized for its intended use as follows:

Use of the August 2022 Placement proceeds	US$ million	Percentage utilized of allocated amount (%)
Repayment of borrowings	0.70	100
General working capital purposes:		
• Payments to suppliers for materials and services	0.11	100
• Payment of administrative expenses, including payroll and other services	0.62	100
Total amount utilized	1.43	

USE OF PROCEEDS FROM THE ISSUANCE OF THE REDEEMABLE CONVERTIBLE BONDS ("RCB") (PURSUANT TO RULE 1207(20) OF THE LISTING MANUAL OF THE SGX-ST)

Pursuant to the Company's announcements on 2 November and 4 November 2022 concerning a fund-raising exercise to be carried out through the issuance of Redeemable Convertible Bonds ("RCB") in the aggregate principal amount of approximately S$5.01 million which are convertible, in whole or in part, into not more than 294,490,588 new ordinary shares of the Company in the share capital of the Company (the "**RCB shares**") at a conversion price of S$0.17 per RCB. The gross proceeds raised from the RCB is approximately US$3.30 million (S$4.66 million).

As at the date of this report, there were 5,006,338 RCB which can be converted to not more than 294,490,471 new ordinary shares of the Company and 2 RCB were converted in Jan 2023. The entire net proceeds of about US$3.13 million (S$4.35 million) received from RCB had been fully utilized for its intended use as follows:

Use of the RCB proceeds	US$ million	Percentage utilized of allocated amount (%)
Repayment of borrowings	1.77	100
Payment of payables	0.34	100
General working capital purposes:		
• Payments to suppliers for materials and services	0.11	100
• Payment of administrative expenses, including payroll and other services	0.91	100
Total amount utilized	3.13	

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 March 2023 and the statement of financial position of the Company as at 31 March 2023.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The directors of the Company in office at the date of this statement are:

Executive director
Mr Tan Khai Pang

Independent non-executive directors
Mr Richard J Denny
Mr Wong Ming Ghee, Bernard
Ms Goh Liang Choo (Appointed on 10 November 2022)

Non-Independent non-executive directors
Mr Paul C Burke
Mr Chua Chwee Koh

In accordance with Articles 104 and 108 of the Constitution of the Company, Mr Richard J Denny, Ms Goh Liang Choo and Mr Paul C Burke will retire and being eligible, offer themselves for re-election.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interest in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act"), except as disclosed below:

	Direct interests		
	At 1 April 2022	At 31 March 2023	At 21 April 2023
The Company			
Ordinary shares			
Mr Tan Khai Pang	23,401,000	36,201,000	36,201,000
Mr Richard J Denny	1,500,000	4,500,000	5,500,000
Mr Wong Ming Ghee, Bernard	2,000,000	6,000,000	6,000,000
Mr Paul C Burke	74,726,406	137,726,406	137,726,406
Mr Chua Chwee Koh	–	7,834,900	7,834,900
Redeemable convertible bonds			
Mr Tan Khai Pang	–	US$56,369	US$56,369
Mr Wong Ming Ghee, Bernard	–	US$9,043	US$9,043
Mr Chua Chwee Koh	–	US$75,360	US$75,360

	Deemed interests		
	At 1 April 2022	At 31 March 2023	At 21 April 2023
The Company			
Ordinary shares			
Mr Wong Ming Ghee, Bernard	2,000,000	2,000,000	2,000,000
Redeemable convertible bonds			
Mr Wong Ming Ghee, Bernard	–	US$3,014	US$3,014

5. SHARE OPTIONS

There were no options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

6. AUDIT COMMITTEE

The members of the Audit Committee of the Company at the date of this report are:

Ms Goh Liang Choo	(Chairman)
Mr Wong Ming Ghee, Bernard	(Member)
Mr Richard J Denny	(Member)

The Audit Committee has convened four meetings during the financial year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act, the Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Manual and the Code of Corporate Governance. In performing those functions, the Audit Committee:

- reviewed the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;

- reviewed the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

- reviewed the Group's quarterly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

- reviewed the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

- reviewed and assessed the adequacy of the Group's risk management processes;

- reviewed and checked the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

- reviewed any interested person transactions in accordance with SGX-ST Listing Manual;

- reviewed the nomination of external auditors and gave approval of their compensation; and

- reviewed the submission of report of actions and minutes of the Audit Committee to the board of directors with any recommendations as the Audit Committee deems appropriate.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

7. AUDITORS

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment.

On behalf of the board of directors

Mr Richard J Denny	**Mr Tan Khai Pang**
Director	Director

Singapore
30 June 2023

INDEPENDENT AUDITORS' REPORT

To the Members of Addvalue Technologies Ltd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Addvalue Technologies Ltd (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 March 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview

Audit Approach

We designed a risk-based audit approach in identifying and assessing the risks of material misstatement at both the financial statement and assertion levels.

Materiality

As in all our audits, we exercised our professional judgment in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

Scope of audit

For the audit of the current financial year's financial statements, we identified 5 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics.

Out of the 5 significant components, 4 components were audited by us, and a component was audited by other Mazars office as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgment, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Area of focus

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgments and estimates to be made by directors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matters	Audit response
Going concern	
Refer to Note 3.1 for the critical judgment made in applying the Group's accounting policies for disclosures relating to the going concern.	
The Group incurred net loss of US$2,992,497 and generated net operating cash outflows of US$2,733,906 during the financial year ended 31 March 2023 and only reported cash and bank balances of US$151,289 as of 31 March 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Notwithstanding the above conditions, management assessed and concluded that there is no material uncertainty relating to the Group's ability to continue as a going concern on the following premises: • Subsequent to 31 March 2023, the Group has sucessfully obtained short-term borrowings from various parties amounted to S$1,016,000 (approximately US$742,000); • The Group would be able to generate sufficient operating cash flows; and • The Group would be able to fulfil its obligations towards its creditors as and when such obligations fall due. The assessment of the appropriateness of the Group's going concern assumption requires significant management judgment and estimates, including the management's assessment of the feasibility of their plans in arriving at the projections of the future cash flows of the Group.	Our audit procedures include, but are not limited to, the following: • Obtained an understanding of and evaluated the feasibility of the management's plans for future action in relation to their going concern assessment, whether the outcome of the plans is likely to improve the situation and the feasibility of such plans in the circumstances; and • Performed an analysis of the cash flow projections prepared by management, which included our evaluation of the reliability and relevance of the underlying data used to prepare the forecast and the reasonableness and appropriateness of the assumptions used. We also considered the appropriateness and adequacy of the disclosures made in the financial statements in respect to the management's assessment of the appropriateness of the use of going concern assumption in their preparation of the Group's financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Matters	Audit response

Impairment assessment of development expenditure

Refer to Note 3.2 for the relevant key sources of estimation uncertainty and Note 15 (Intangible Assets) for the disclosures relating to the impairment assessment.

The Group develops and manufactures a range of terminals operating on major satellite networks for land, maritime, aeronautical applications and space resilient technologies. As at 31 March 2023, the carrying value of development expenditure amounted to US$7,926,397 (2022: US$8,585,089), which represented 48% (2022: 58%) of the Group's total assets.

In accordance with SFRS(I) 1-36 *Impairment of Assets*, an entity assesses at the end of each reporting period whether there is any indication that the development expenditure may be impaired. If any such indication exists, the management shall estimate the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, an entity shall also test the development expenditure not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

For the purpose of impairment assessment, development expenditure has been allocated to the Group's cash-generating units ("CGUs") as follows:

- Satellite communication ("Satcom");
- Internet-of-Things ("IoT");
- Advance Digital Radio Solutions ("ADRS"); and
- Space Connectivity ("SPC").

Management assessed discounted cash flow derived from the most recent financial budgets approved by the Board of Directors and estimated the probable future economic benefits from the identified CGUs that are expected to be generated by the development expenditure developed by the Group.

The estimates of the recoverable amounts of the CGUs in which development expenditure attributable to, are determined based on value-in-use calculations. Discounted cash flow projections used in the calculation are based on the approved financial budgets, discount rate and growth rates in revenue and cost of sales, for which the judgments applied and estimates used are subjected to significant judgment and estimates of the management.

Our audit procedures include, but are not limited to, the following:

- Assessed the reasonableness of key assumptions used by management based on our knowledge of the business;
- Assessed independence and competence of management's expert (external valuer) for impairment assessment of intangible assets;
- Involved both in-house and external valuation expert on the assessment of value-in-use model;
- Performed sensitivity analysis on the key assumptions where we adjusted the discount rates, sales forecast, and growth rates in revenue and cost of sales for those key assumptions that are most sensitive to the valuation models; and
- Tested source data to supporting evidence on a sample basis, such as historical performance, management's expectations of market developments, approved budgets and considered the reasonableness of these budgets.

We also considered the appropriateness of the disclosures in respect of value-in-use calculations presented in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Matters	Audit response
Provision for inventories obsolescence	
Refer to Note 3.2 for the relevant key sources of estimation uncertainty relating to inventories valuation method.	
As at 31 March 2023, the Group's inventories are US$4,898,776 (2022: US$2,850,875), representing 30% (2022: 19%) of the Group's total assets. With reference to SFRS(I) 2 *Inventories*, inventories are valued at the lower of cost and net realisable value ("NRV"). Management reviews the Group's inventories levels to identify slow-moving and obsolete inventories. The assessment of the provision for inventories obsolescence requires the use of significant judgment and estimates. Based on the Group policies, the allowance for inventories obsolescence will be provided if the inventories are aged more than 3 years. Management's allowance for inventories obsolescence is subjective and influenced by estimates concerning the level of sales activity. In consideration of the significance of the balance and significant estimates and judgment applied by management, we consider this as a key audit matter.	Our audit procedures included, and were not limited to, the following: • Understood the inventory costing policy on making allowance for inventory obsolescence of the Group; • Reviewed the inventory aging process and management's assessment on potential stock obsolescence; • Performed test of details to verify the accuracy and appropriate application of the costing method; and • Reviewed management's assessment of the estimation of NRV of inventories as at 31 March 2023 to determine whether the inventories are measured at lower of cost and NRV. We also considered the appropriateness of the disclosures in respect of allowance for inventories obsolescence presented in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Chee Tyan.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
30 June 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2023

	Note	2023 US$	2022 US$
Revenue	4	7,548,912	5,457,542
Cost of sales		(3,952,539)	(1,682,960)
Gross profit		3,596,373	3,774,582
Other operating income	5	41,377	627,189
Selling and distribution expenses		(635,517)	(316,514)
Administrative expenses		(2,949,765)	(2,442,114)
Loss allowance for trade receivables		–	(6,000,000)
Loss allowance for other receivables		(40,725)	–
Other operating expenses	6	(2,861,057)	(2,275,268)
Finance expenses	7	(487,192)	(1,265,647)
Loss before income tax	8	(3,336,506)	(7,897,772)
Income tax credit/(expense)	9	344,009	(65,567)
Loss for the year		(2,992,497)	(7,963,339)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or Loss			
Exchange differences arising from translation of foreign operations, representing other comprehensive income/(loss) for the year, net of tax		26,735	(6,957)
Total comprehensive loss for the year, net of tax		(2,965,762)	(7,970,296)
Loss per share attributable to equity holders of the Group (cents)			
Basic and diluted	10	(0.10)	(0.34)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

For the Financial Year Ended 31 March 2023

	Note	Group		Company	
		2023 US$	2022 US$	2023 US$	2022 US$
ASSETS					
Non-current assets					
Property, plant and equipment	12	550,469	472,590	–	–
Subsidiaries	13	–	–	19,085,001	19,549,001
Associate	14	–	–	–	–
Intangible assets	15	7,972,592	8,624,899	–	–
		8,523,061	9,097,489	19,085,001	19,549,001
Current assets					
Inventories	16	4,898,776	2,850,875	–	–
Trade receivables	17	2,228,792	1,448,493	–	–
Other receivables, deposits and prepayments	18	528,945	593,629	8,466	110
Other investment	19	19,825	268,400	19,825	268,400
Due from subsidiaries (non-trade)	20	–	–	8,000,901	10,327,566
Cash and bank balances	21	151,289	632,038	820	1,131
		7,827,627	5,793,435	8,030,012	10,597,207
TOTAL ASSETS		16,350,688	14,890,924	27,115,013	30,146,208
LIABILITIES					
Current liabilities					
Trade payables	22	1,772,543	641,139	–	–
Other payables and accruals	23	2,076,024	3,158,775	786,238	760,096
Provisions	24	177,757	125,464	160,181	121,510
Borrowings	25	707,194	5,793,050	–	3,861,860
Lease liabilities	29(b)	86,017	95,986	–	–
Contract liabilities	30	779,960	923,176	–	–
Due to subsidiaries (non-trade)	20	–	–	510,174	559,843
		5,599,495	10,737,590	1,456,593	5,303,309
Non-current liabilities					
Borrowings	25	3,560,764	13,897	3,560,764	–
Lease liabilities	29(b)	3,949	10,554	–	–
Deferred tax liabilities	31	1,355,340	1,699,349	–	–
		4,920,053	1,723,800	3,560,764	–
TOTAL LIABILITIES		10,519,548	12,461,390	5,017,357	5,303,309
NET ASSETS		5,831,140	2,429,534	22,097,656	24,842,899
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	32	89,483,172	83,115,804	89,483,172	83,115,804
Capital reserve	33	746,882	1,826,657	–	1,079,775
Statutory reserve	34	7,813	7,813	–	–
Foreign currency translation reserve	35	15,561	(11,174)	–	–
Accumulated losses		(84,422,288)	(82,509,566)	(67,385,516)	(59,352,680)
TOTAL EQUITY		5,831,140	2,429,534	22,097,656	24,842,899

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2023

	Share capital US$	Capital reserve US$	Statutory reserve US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 April 2021	80,577,932	2,353,691	7,813	(4,217)	(75,073,261)	7,861,958
Loss for the year	–	–	–	–	(7,963,339)	(7,963,339)
Other comprehensive loss, net of tax	–	–	–	(6,957)	–	(6,957)
Total comprehensive income for the year	–	–	–	(6,957)	(7,963,339)	(7,970,296)
Contribution by and distribution to owners						
Movement arising from extinguishment of convertible loan note (Note 27)	–	(527,034)	–	–	527,034	–
Issuance of new shares:						
Pursuant to share placement, net of expenses (Note 32)	2,462,220	–	–	–	–	2,462,220
Pursuant to performance shares, net of expenses (Note 32)	114,182	–	–	–	–	114,182
Share issue expense (Note 32)	(38,530)	–	–	–	–	(38,530)
Balance at 31 March 2022	83,115,804	1,826,657	7,813	(11,174)	(82,509,566)	2,429,534
Loss for the year	–	–	–	–	(2,992,497)	(2,992,497)
Other comprehensive loss, net of tax	–	–	–	26,735	–	26,735
Total comprehensive income for the year	–	–	–	26,735	(2,992,497)	(2,965,762)
Contribution by and distribution to owners						
Movement arising from extinguishment of convertible loan note (Note 27)	–	(1,079,775)	–	–	1,079,775	–
Issuance of new shares:						
Pursuant to share placement, net of expenses (Note 32)	2,995,083	–	–	–	–	2,995,083
Pursuant to optional share subscription, net of expenses (Note 32)	2,096,714	–	–	–	–	2,096,714
Pursuant to warrant share (Note 32)	1,720,786	–	–	–	–	1,720,786
Share issue expense (Note 32)	(445,215)	–	–	–	–	(445,215)
Balance at 31 March 2023	89,483,172	746,882	7,813	15,561	(84,422,288)	5,831,140

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 March 2023

	Note	2023 US$	2022 US$
Operating activities			
Loss before income tax		(3,336,506)	(7,897,772)
Adjustments for:			
Amortisation of intangible assets	6	614,949	563,262
Depreciation of property, plant and equipment	6	385,183	425,213
Interest expense		465,019	1,192,453
Interest income		(208)	(454)
Impairment loss on development expenditure	15	600,000	600,000
Loss allowance for trade receivables	8	–	6,000,000
Loss allowance for other receivables	8	40,725	–
Inventories written off	6	391,544	431,560
Gain from extinguishment of convertible loan note	5	–	(259,831)
Fair value loss/(gain) from other investment	6, 5	248,575	(253,455)
Fair value loss from redeemable convertible bonds	6	48,307	–
Provisions	24	52,293	24,344
Share-based payment	32	–	114,182
Unrealised foreign exchange gain		263,770	186,014
Total operating cash flows before movements in working capital		(226,349)	1,125,516
Changes in working capital:			
Inventories		(2,439,445)	(723,649)
Trade and other receivables		(756,340)	(1,149,179)
Contract liabilities		(143,216)	428,293
Trade and other payables		831,236	752,673
Cash (used in)/generated from operations		(2,734,114)	433,654
Interest income received		208	454
Net cash (used in)/generated from operating activities		(2,733,906)	434,108
Investing activities			
Purchase of property, plant and equipment	12	(274,437)	(89,463)
Additions in intangible assets	A	(1,350,892)	(2,008,458)
Proceeds from government grants	A	788,250	1,861,126
Net cash used in investing activities		(837,079)	(236,795)
Financing activities			
Net proceeds from placement shares, net of share issue expenses	32	3,746,891	1,686,691
Proceeds from borrowings		4,027,338	2,165,785
Repayment of borrowings		(3,903,114)	(2,884,771)
Repayment of lease liabilities	29(a)	(210,556)	(226,923)
Interest paid		(570,323)	(580,156)
Net cash generated from financing activities		3,090,236	160,626
Net (decrease)/increase in cash and cash equivalents		(480,749)	357,939
Cash and cash equivalents at beginning of the financial year		632,038	274,099
Cash and cash equivalents at end of the financial year		151,289	632,038

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2023

Reconciliation of liabilities arising from financing activities:

			Non-cash movements					
	1 April 2022	**Financing cashflows**	**Interest expenses**	**Foreign exchange movement**	**Additions**	**Fair value loss**	**Conversion of loan**	**31 March 2023**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Liabilities								
Loans	3,051,613	(795,923)	157,296	20,526	–	–	(1,948,556)	484,957
Convertible loan notes	2,755,334	(2,842,810)	87,476		–	–	–	–
Bill payable	–	223,081	6,216	(7,060)	–	–	–	222,237
Redeemable convertible bonds	–	3,288,888	–	223,569	–	48,307	–	3,560,764
Lease liabilities	106,540	(210,556)	5,357	–	188,625	–	–	89,966

			Non-cash movements				
	1 April 2021	**Financing cashflow**	**Interest expenses**	**Foreign exchange movement**	**Gain from extinguishment of convertible loan note**	**Conversion of loan**	**31 March 2022**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Liabilities							
Loans	2,931,028	(1,109,904)	364,823	159,140	–	706,526	3,051,613
Convertible loan notes	3,796,118	(737,850)	628,409	35,014	(259,831)	(706,526)	2,755,334
Bill payables	–	(63,720)	63,720				
Lease liabilities	323,812	(226,923)	10,834	(1,183)	–	–	106,540

Note A

For the purpose of the consolidated statement of cash flows, the Group's additions to intangible assets during the financial year comprised:

	2023	**2022**
	US$	**US$**
Additions of intangible assets during the financial year (Note 15)	1,350,892	2,008,458
Less: Grants received for intangible assets	(788,250)	(1,861,126)
Net cash payment	562,642	147,332

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Addvalue Technologies Ltd (the "Company") (Registration Number 199603037H) is a limited liability company incorporated and domiciled in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office and principal place of business of the Company is located at 202 Bedok South Avenue 1 #01-11 Singapore 469332.

The principal activity of the Company is that of investment holding.

The principal activities of its subsidiaries are disclosed in Note 13 to the financial statements.

The financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 March 2023 were authorised for issue by the Board of Directors on the date of directors' statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and the statement of financial position of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") including related Interpretations of SFRS(I) ("SFRS(I) INT") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statement of financial position of the Company are presented in United States dollar ("US$") which is also the functional currency of the Company.

In the current year, the Group has adopted all the new and revised SFRS(I)s and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 April 2022. With the exception of the amendments made to SFRS(I) 1-37 *Onerous Contracts - Cost of Fulfilling a Contract* ("SFRS(I) 1-37"), the adoption of these new or revised SFRS(I)s and SFRS(I) INT did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year's financial statement and is not expected to have a material effect on future periods.

The adoption of SFRS(I) 1-37 from 1 January 2022 resulted in a change in accounting policy in the assessment of onerous contracts. Before the amendment, the Group only included incremental costs to fulfil a contract when determining whether a contract is onerous. With the amendment, the Group includes both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts when determining whether a contract is onerous.

The amendments are applied on a retrospective basis on contracts for which the Group has not yet fulfilled all its obligations on 1 January 2022. Based on the Group's assessment, there is no onerous contract identified with the revision of the accounting policy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

SFRS(I) and SFRS(I) INT issued but not yet effective

At the date of authorisation of these statements, the following SFRS(I) and SFRS(I) INT that are relevant to the Group were issued but not yet effective:

SFRS (I)	Title	Effective date (annual periods beginning on or after)
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2024
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Amendments to SFRS(I) 1-12: *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023
SFRS(I) 16	Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*	1 January 2024
SFRS(I) 1-7, SFRS(I) 7	Amendments to SFRS(I) 1-7 and SFRS(I) 7: *Supplier Finance Arrangement*	1 January 2024
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Various	Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*	1 January 2024

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Other than the following standards, management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group and Company in the period of their initial adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method when the acquired set of activities and assets constitute a business. When determining the acquired set of activities and assets constitute a business, the Group assesses whether the acquired set of activities and assets includes, at a minimum, an input and substantive process, which together contribute to the creation of outputs.

The Group has the option to apply a "concentration test" as a simplified assessment to determine whether an acquired set of activities and assets is not a business. The Group makes the election separately for each transaction or other event. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. For each business combination, the Group determines whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share in the recognised amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognised in profit or loss as incurred and included in administrative expenses.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 *Business Combinations* ("SFRS(I) 3") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations* ("SFRS(I) 5"), which are recognised and measured at the lower of cost and fair value less costs to sell.

The Group recognises any contingent consideration to be transferred for the acquiree at the fair value on the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement shall be accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9"), is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary or jointly controlled entity.

2.4 Revenue recognition

Revenue from contracts with its customers is recognised when or as the Group satisfies a performance obligation by transferring a promised goods or service generated in the ordinary course of the Group's activities to its customer, at a transaction price that reflects the consideration the Group expects to be entitled in exchange for the goods or service and that is allocated to that performance obligation. The goods or service is transferred when or as the customer obtains control of the goods or service.

Sale of goods

The Group sells a range of tele-communication and satellite communication equipment to its customers. Revenue is recognised at a point in time when control of the goods is transferred to the end customers (i.e. when the goods are delivered in accordance with the applicable incoterms or/and terms and conditions and significant risks and rewards of ownership of the goods have been transferred to the customer). A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

The transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (Continued)

Contract design revenue

The Group enters into contracts with customers for design and customisation of terminal system and feasibility study on integration of systems design. Revenue from the contract design revenue is recognised over time, using the output method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group. In the application of the output method, the Group has used appraisals of results achieved method. Accordingly, in view of the nature of the contract design revenue, management considers that this output method is most appropriate in measuring the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15").

The transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised services.

Design service income

Design service relates to testing services on products sold and firmware upgrade to customers. Revenue is recognised at a point in time when the services are completed. A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

The transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised services.

Licensing income

The Group grants right-of-use (on a non-exclusive, perpetual and global basis) of the Group's in-house developed intellectual properties ("IPs") to customers in facilitating the customer to integrate the IPs into its own telecommunication products to be developed and manufactured in conjunction with its space-based global managed network. Revenue is recognised at a point in time when the right to use the Group's intellectual properties is granted. A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due.

The transaction price is allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the promised services.

Warranty obligations

The Group provides a two-year assurance-type warranty for the sale of goods. These warranties are accounted for under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets* ("SFRS(I) 1-37") (see Note 24).

Financing components

The Group does not extend credit terms beyond one year and does not expect, at contract inception, that the period between when the Group transfers a promised goods or service to a customer and when the customer pays for that goods or service to be beyond one year. Accordingly, the Group does not adjust the promised amount of consideration for the effects of a significant financing components.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefits costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

The Group participates in the national pension schemes as defined by the laws of People's Republic of China ("PRC"). Subsidiaries incorporated in the PRC are required to provide staff pension benefits to their employees under existing PRC legislation. These subsidiaries are required to contribute a certain percentage of their payroll costs to the pension scheme to fund the benefits. The pension funds are managed by government agencies, which are responsible for paying pensions to the retired employees. Contributions under the pension scheme are charged to the profit or loss as they become payable in accordance with the rules of the pension scheme.

2.7 Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.8 Share-based payments

Employee performance share plan allows Group employees to acquire shares of the Company. The fair value of shares is recognised as an employee expense with a corresponding increase in equity. The fair value is measured based on the market value at grant date and spread over the vesting period during which the employees become unconditionally entitled to the shares. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities except for the investment properties where investment properties measured at fair value are presented to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The Group's sales of goods in the PRC are subjected to Value-added Tax ("VAT") at the applicable tax rate of 13% for PRC domestic sales. Input tax on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the statement of financial position. The Group's export sales are not subject to VAT.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity through other comprehensive income.

Exchange differences relating to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.11 Property, plant and equipment

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are shown at cost less any subsequent accumulated depreciation, and where applicable, accumulated impairment losses.

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Property, plant and equipment (Continued)

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Useful lives (Years)
Leasehold buildings (over the lease term)	3
Laboratory equipment	5
Furniture, fittings and office equipment	3 - 10
Computers and software	2 - 5
Toolings	3
Renovations	6

For right-of-use assets for which ownership of the underlying asset is not transferred to the Group by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease periods are disclosed in Note 29.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated profits directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.12 Intangible assets

Acquired intangible assets

Acquired intangible assets are measured initially at cost. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Acquired intangible assets have either finite or indefinite useful life.

Intangible assets with finite useful life are amortised over its useful life, using its straight-line method.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (Continued)

Intangible assets with indefinite useful life are not amortised, but tested for impairment annually, and whenever there is an indication that the intangible asset may be impaired. The indefinite useful life of an intangible asset is reviewed at the end of each financial year and where events and circumstances do not continue to support the indefinite useful life assessment for that asset, a change from indefinite to finite useful life is accounted for as a change in accounting estimate and adjusted prospectively.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in profit or loss.

Internally generated intangible assets

Expenditure from the research phase of an internal project to create an intangible asset is expensed in profit or loss when it is incurred. Where the research phase cannot be distinguished from the development phase of an internal project, the Group treats the expenditure on that project as if it were incurred in the research phase only.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised, if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible assets; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The amortisation charge is recognised in profit or loss and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

(i) Development expenditure

Internally generated development expenditure are stated at cost less accumulated amortisation and impairment loss. Amortisation is charged to the profit or loss on the straight-line basis over the estimated useful life of 10 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (Continued)

Internally generated intangible assets (Continued)

(ii) Patents

Separately acquired patents are stated at cost less accumulated amortisation and impairment loss. Amortisation is charged to the profit or loss on the straight-line basis over the estimated useful life of 7 years.

(iii) Computer software

Separately acquired computer software is stated at cost less accumulated amortisation and impairment loss. Amortisation is charged to the profit or loss on the straight-line basis over the estimated useful life of 5 years.

2.13 Investments in associates

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not of control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under SFRS(I) 5 from the date on which the investee become held-for-sale. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investments in associates at cost in its separate financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of non-financial assets excluding goodwill

The Group reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Financial instruments

The Group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Company applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Company applies a practical expedient are measured at transaction price as defined in SFRS(I) 15 in Note 2.4.

The classification of the financial assets at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model refers to how the Group manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Interest income is accrued on a time basis, by reference to the principal outstanding and at effective interest rate applicable.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Group assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Group assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Group uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The Group applies the simplified approach to recognise the ECL for trade receivables and contract assets, which is to measure the loss allowance at an amount equal to lifetime ECL. As a practical expedient, the Group uses an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions for measuring ECL.

While they are not financial assets, contract assets arising from the Group's contracts with customers under SFRS(I) 15 are assessed for impairment in accordance with SFRS(I) 9, similar to that of trade receivables.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Group's accounting policy for its impairment of financial assets, refer to Note 39.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Convertible loan notes

Convertible loan notes are treated as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

The liability component of bonds is recognised initially at the fair value of a similar non-convertible liability. The carrying amount of the equity component is then determined by deducting the fair value of the liability component from the fair value of the compound financial instrument as a whole.

Any directly attributable transaction costs are allocated to the liability and equity portion in proportion to their initial carrying amounts.

Subsequent to the initial measurement, the liability component of the bonds is measured at amortised cost using the effective interest method until its extinguishment upon conversion, redemption or at the maturity date. The equity component remains as equity, net of income tax effects, but may be transferred within equity.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Group commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Redeemable convertible bonds

Redeemable convertible bonds are treated as hybrid instruments, consisting of a liability component and embedded derivative component(s). The bonds are designated as financial instrument that is carried at fair value through profit or loss in its entirety and therefore the embedded derivative are not recognised separately.

The bonds are recognised initially at the fair value which is based on the issuance proceeds. Subsequently, the bonds are carried at fair value with fair value changes being recognised in profit or loss on each reporting date.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Borrowings

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see Note 2.5 above). A gain or loss is recognised in profit or loss when the liability is derecognised and through the amortisation process.

Financial guarantee contracts

The Company has issued corporate guarantees to banks and other financial institutions for facilities granted by them to certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks and other financial institutions if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the loss allowance and the amount initially recognised less cumulative amortisation in accordance with SFRS(I) 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials comprise purchase costs accounted for on a weighted average basis. Work-in-progress and finished goods comprise cost of direct materials, direct labour and an attributable proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

When necessary, allowance is provided for damage, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.18 Leases

At inception of a contract, the Group assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where a contract contains more than one lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Group applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Group is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Group applied the recognition exemption allowed under SFRS(I) 16. For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. For right-of-use assets relates to property, plant and equipment to which the Group applies the revaluation model, the Group elected not to apply the revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

Right-of-use assets are presented within "property, plant and equipment".

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Group obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Group is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Group is reasonably certain to terminate early and lease payments for an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Group remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions (Continued)

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

A provision is recognised for onerous contracts when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it and is measured at the lower of the cost of fulfilling it and any expected cost of terminating it. In determining the cost of fulfilling the contract, the Group includes both the incremental costs and an allocation of others costs that relate directly to fulfilling contracts. Before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Warranty provisions

Provisions for warranty related costs are recognised when the product is sold or services provided. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

2.20 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an expense, the grant is recognised as income in profit or loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, is expensed. Where the grant relates to an asset, the grant is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.21 Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

  (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (b) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who makes strategic decisions.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group made judgments, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgments made in applying the Group's accounting policies

Determination of functional currency

The Group translates foreign currency items into the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities, judgment is used by the Group to determine the currency of the primary economic environment in which the respective entities operate. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

Capitalisation of development expenditure

The Group follows the guidance of SFRS(I) 1-38 *Intangible Assets* ("SFRS(I) 1-38") in determining the amount and nature of development expenditure to be capitalised as development costs. This determination requires significant judgment. The Group assesses, among other factors, if the product or process is technically feasible and if the Group has sufficient technical, financial and other resources to use or market the product or process. In addition, the Group also applies its judgment to assess the probability of expected future economic benefits that are attributable to the use of this capitalised development expenditure that will flow to the Group.

Going concern

The Group incurred net loss of US$2,992,497 and generated net operating cash outflows of US$2,733,906 during the financial year ended 31 March 2023 and only reported cash and bank balances of US$151,289 as of 31 March 2023. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding the above conditions, management assessed and concluded that there is no material uncertainty relating to the Group's ability to continue as a going concern on the following premises:

- Subsequent to 31 March 2023, the Group has sucessfully obtained short-term borrowings from various parties amounted to S$1,016,000 (approximately) US$742,000;
- The Group would be able to generate sufficient operating cash flows; and
- The Group would be able to fulfil its obligations towards its creditors as and when such obligations fall due.

The assessment of the appropriateness of the Group's going concern assumption requires significant management judgment and estimates, including the management's assessment of the feasibility of their plans in arriving at the projections of the future cash flows of the Group.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment assessment of development expenditure

The Group determines whether there is any indication development expenditure may be impaired at least on an annual basis. Irrespective of whether there is any indication of impairment, the Group also performed impairment assessment annually for development expenditure not yet available for use by comparing its carrying value with its recoverable amount. This requires an estimation of the probable future economic benefits that are expected to be generated by the commercial exploitation of products, applications and processes that are developed by the Group. The discounted cash flows are derived from the budget prepared by the management and approved by the Board of Directors and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to sales quantities forecasted for the existing and new products and the growth rate used for extrapolation purposes.

In preparing the budgets, management also assumed competitive but stable market conditions and continued acceptability of products sold except that the management expects certain products to phase out in next few years.

The Group has carried out a review of products' life cycle and determined that certain products have reached saturation point and will be phased out in next few years. As a result, the Group has made an impairment loss of US$600,000 (2022: US$600,000) in respect of its development expenditure as at 31 March 2023. The carrying value of the Group's development expenditure as at 31 March 2023 is US$7,926,397 (2022: US$8,585,089). Further details of the key assumptions applied in the impairment assessment of development expenditure are disclosed in Note 15.

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items, that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 March 2023 was US$4,898,776 (2022: US$2,850,875) (Note 16).

Measurement of ECL of trade receivables

The Group assesses its trade receivables on an individual basis for any expected credit loss by considering all reasonable and supportable information, such as past events, current conditions and forecasts of future economic conditions of each debtor. The expected loss allowance on the Group's trade receivables as at 31 March 2023 is US$6,000,000 (2022: US$6,000,000) (Note 39).

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Group's and the Company's investments are impaired. Where necessary, the Group's and Company's assessments are based on the estimation of the value-in-use of the assets defined in SFRS(I) 1-36 *Impairment of Assets* ("SFRS(I)1-36") by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. In determining the value-in-use, the Company has considered the expected and estimated impact of COVID-19 on the key inputs, including the discount rate and growth rate, as well as key assumptions applied. The Company's carrying amount of investments in subsidiaries as at 31 March 2023 was US$19,085,001 (2022: US$19,549,001) (Note 13).

Useful lives of development expenditure

The cost of development expenditure is amortised on a straight-line basis over their respective estimated useful lives. Management estimates the useful lives to be 10 years. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. Therefore, future amortisation charges could be revised. The carrying amount of the Group's development expenditure included as intangible assets as at 31 March 2023 was US$7,926,397 (2022: US$8,585,089) (Note 15).

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset was already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Group's property, plant and equipment at 31 March 2023 was US$550,469 (2022: US$472,590) (Note 12).

Fair value of redeemable convertible bonds

Redeemable convertible bonds (the "bonds") are measured at fair value at initial recognition and designated to be measured subsequently at fair value through profit or loss. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the fair values of entire bonds, the market rate of interest is determined with reference to similar bonds that do not have a conversion option. The carrying amount of the Group's bonds as at 31 March 2023 was US$3,560,764 (2022: US$Nil) (Note 28).

4. REVENUE

	Group	
	2023	2022
	US$	US$
Sale of finished products and components	7,340,130	5,169,111
Design service income	208,782	288,431
	7,548,912	5,457,542

Transaction price allocated to the remaining unsatisfied or partially satisfied performance obligations and expected to be realised in the following financial years:

	2023	2022
	US$	US$
Within one year	2,374,426	5,965,828

The disaggregation of revenue from contracts with customers is as follows:

	Reportable segments					
	Sale of finished products and components		Design service income		Total	
	2023	2022	2023	2022	2023	2022
	US$	US$	US$	US$	US$	US$
Geographical markets [(a)]						
EMEA	54,809	36,450	–	–	54,809	36,450
North America	3,201,789	2,898,532	–	–	3,201,789	2,898,532
Asia Pacific	4,083,532	2,234,129	208,782	288,431	4,292,314	2,522,560
	7,340,130	5,169,111	208,782	288,431	7,548,912	5,457,542
Timing of revenue recognition						
Goods transferred at a point in time	7,340,130	5,169,111	–	–	7,340,130	5,169,111
Services transferred at a point in time	–	–	208,782	288,431	208,782	288,431
	7,340,130	5,169,111	208,782	288,431	7,548,912	5,457,542

(a) The disaggregation is based on the region of customers from which revenue was generated.

5. OTHER OPERATING INCOME

	Group	
	2023	2022
	US$	US$
Government grants received	29,290	109,324
Fair value gain from other investment	–	253,456
Gain from extinguishment of convertible loan note	–	259,831
Others	12,087	4,578
	41,377	627,189

6. OTHER OPERATING EXPENSES

	Group	
	2023	2022
	US$	US$
Amortisation of intangible assets (Note 15)	614,949	563,262
Depreciation of property, plant and equipment (Note 12)	385,183	425,213
Foreign exchange loss, net	98,122	23,391
Impairment loss on development expenditure (Note 15)	600,000	600,000
Fair value loss from other investment	248,575	–
Fair value loss from redeemable convertible bonds (Note 28)	48,307	–
Inventories written off (Note 16)	391,544	431,560
Laboratory usage	106,251	97,875
Repairs and maintenance	89,087	36,402
Entertainment	13,542	35,685
Utilities	53,806	27,016
Withholding taxes	155,971	1,311
Others	56,720	33,553
	2,861,057	2,275,268

7. FINANCE EXPENSES

	Group	
	2023	2022
	US$	US$
Interest on bills payable	6,216	63,720
Interest on convertible loan notes	87,476	628,409
Interest on redeemable convertible bonds	91,167	–
Interest on loans	157,296	364,823
Interest on late payment	117,507	124,666
Interest on lease liabilities	5,357	10,834
Loan facilities fees	22,173	73,195
	487,192	1,265,647

8. LOSS BEFORE INCOME TAX

The following charges were included in the determination of loss before income tax:

		Group	
	Note	2023	2022
		US$	US$
Directors' remuneration of the Group			
- Remuneration and contribution to defined contribution plans	36	407,264	517,395
- Directors' fees	36	160,181	121,510
Employee benefits expense*	11	2,518,554	2,104,429
Inventories recognised as an expense in cost of sales	16	3,867,578	1,143,897
Loss allowance for trade receivables	39	–	6,000,000
Loss allowance for other receivables	39	40,725	–
Short-term lease expenses		112,308	37,885

* This includes the amount shown as directors' remuneration.

9. INCOME TAX EXPENSE

	Group	
	2023	2022
	US$	US$
Deferred tax expense:		
- Origination and reversal of temporary differences	(110,893)	66,134
- Over provision in prior year	(233,116)	(567)
Income tax (credit)/expense	(344,009)	65,567

Reconciliation of effective tax rate is as follows:

	Group	
	2023	2022
	US$	US$
Loss before income tax	(3,336,506)	(7,897,772)
Tax at the applicable tax rate of 17%	(567,206)	(1,342,621)
Tax effects of:		
- Expenses not deductible for tax purposes	371,401	235,231
- Income not subject to tax	(88,911)	(80,063)
- Different tax rates in other countries	(12,696)	–
- Deferred tax assets not recognised	267,196	1,256,564
- Utilisation of deferred tax assets previously not recognised	(88,914)	(320)
- Over provision in prior year	(233,116)	(567)
- Tax incentives	–	(2,657)
- Others	8,237	–
Income tax (credit)/expense	(344,009)	65,567

The Group has unutilised tax losses, provisions and accelerated tax depreciation, which can be carried forward indefinitely and used to offset against future taxable income subject to meeting certain statutory requirements. The following items were not recognised as deferred tax assets due to uncertainty of its recoverability.

9. INCOME TAX EXPENSE (CONTINUED)

	Group	
	2023 US$	2022 US$
Tax losses	68,008,375	66,853,600
Provisions	176,422	197,533
Accelerated tax depreciation	2,065,443	2,150,387
	70,250,240	69,201,520

The reconciliation of effective tax rate is prepared by aggregating separate reconciliations for each national jurisdiction.

The Company and Singapore subsidiaries

The Company and Singapore subsidiaries are subject to an applicable tax rate of 17%.

Hong Kong

The subsidiary is subject to an applicable tax rate of 16.5%.

People's Republic of China ("PRC")

Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT" Law) which was promulgated by the National People's Congress on 16 March 2007 (effective from 1 January 2008), resident and non-resident enterprises deriving income from the PRC are subject to Enterprise Income Tax ("EIT"). Under the EIT Law, EIT applies to all enterprises, including (Foreign Investment Enterprises ("FIEs") and domestic enterprises. The general applicable EIT tax rate in the PRC is 25%. Under the EIT Law, dividends received by foreign investors from their investment in Chinese enterprises in respect of profits earned since 1 January 2008 are subject to withholding tax at a rate of 10% unless reduced by a treaty. Pursuant to a tax arrangement between the PRC and Singapore, the investment holding companies established in Singapore are subject to a reduced withholding tax rate of 5% on dividends they received from their PRC subsidiary.

The PRC subsidiary is subject to an applicable tax rate of 25% and withholding tax of 5% respectively.

10. LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the loss for the year attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year. The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 March:

	2023	2022
Loss for the purpose of calculating basic and diluted loss per share (loss for the year attributable to the Company) (US$)	(2,992,497)	(7,963,339)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	3,101,178,165	2,312,809,783
Basic and diluted loss per share (US$ cents)	(0.10)	(0.34)

The basic and diluted loss per share is the same as the instruments were potentially anti-dilutive.

There were no potential dilutive ordinary shares of redeemable convertible bonds. Therefore, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding redeemable convertible bonds during the year ended 31 March 2023. Accordingly, the diluted loss per share for financial year ended 31 March 2023 and 2022 was the same as the basic loss per share.

The weighted average number of ordinary shares for financial year ended 31 March 2023 was computed based on the issue and allotment of 717,430,117 (2022: 275,790,000) new ordinary shares as disclosed in Note 32.

11. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023	2022
	US$	US$
Employee benefits expense (including directors):		
- Salaries, bonuses and others	3,108,139	2,871,172
- Share-based payment	–	114,182
- Contribution to defined contribution plans	353,355	298,457
	3,461,494	3,283,811
Directors' fees	160,181	121,510
	3,621,675	3,405,321
Charged to consolidated statement of profit or loss and other comprehensive income	2,518,554	2,104,429
Capitalised in development expenditure	662,709	1,300,892
Capitalised in inventories	410,167	–
Capitalised in other receivables	30,245	–
	3,621,675	3,405,321

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building	Laboratory equipment	Furniture, fittings and office equipment	Computers and software	Toolings	Renovations	Total
	US$	US$	US$	US$	US$	US$	US$
Cost							
At 1 April 2021	637,185	1,035,509	119,715	1,034,338	976,152	224,086	4,026,985
Additions	–	68,688	7,317	10,819	–	2,639	89,463
At 31 March 2022	637,185	1,104,197	127,032	1,045,157	976,152	226,725	4,116,448
Additions	188,625	216,283	1,882	56,272	–	–	463,062
Write off	(637,185)	–	–	–	–	–	(637,185)
At 31 March 2023	188,625	1,320,480	128,914	1,101,429	976,152	226,725	3,942,325
Accumulated depreciation							
At 1 April 2021	344,425	809,657	47,645	930,520	976,152	110,246	3,218,645
Depreciation charge for the financial year	206,655	80,383	22,534	38,127	–	77,514	425,213
At 31 March 2022	551,080	890,040	70,179	968,647	976,152	187,760	3,643,858
Depreciation charge for the financial year	196,137	105,940	22,456	37,257	–	23,393	385,183
Write off	(637,185)	–	–	–	–	–	(637,185)
At 31 March 2023	110,032	995,980	92,635	1,005,904	976,152	211,153	3,391,856
Carrying amount							
At 31 March 2023	78,593	324,500	36,279	95,525	–	15,572	550,469
At 31 March 2022	86,105	214,157	56,853	76,510	–	38,965	472,590

Property, plant and equipment includes right-of-use assets of US$87,401 (2022: US$100,477) which are presented together with the owned assets of the same class as the underlying assets. Details of the right- of-use assets are disclosed in Note 29(a).

During the financial year, the Group acquired property, plant and equipment for an aggregate of approximately US$463,062 (2022: US$89,463) of which US$188,625 (2022: US$Nil) was acquired by means of a lease.

13. SUBSIDIARIES

	Company	
	2023	2022
	US$	US$
Unquoted equity shares, at cost	70,716,142	63,180,142
Less: Impairment losses	(51,631,141)	(43,631,141)
	19,085,001	19,549,001
Movement in cost of investments are as follows:		
At beginning of the year	63,180,142	63,180,142
Additions	7,536,000	–
At end of the year	70,716,142	63,180,142
Movement in allowance for impairment losses are as follows:		
At beginning of the year	43,631,141	43,631,141
Additions	8,000,000	–
At end of the year	51,631,141	43,631,141

During the financial year, the Company invested additional capital of US$7,536,000 in one of its subsidiaries, Addvalue Innovation Pte Ltd, by way of capitalising the amount receivable from Addvalue Innovation Pte Ltd.

The recoverable amount of investment in a subsidiary was determined based on the estimation of the value-in-use of the CGU by forecasting the expected future cash flows for a period up to 10 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company had recognised impairment of US$8,000,000 for the investment in Addvalue Innovation Pte Ltd during the financial year as the subsidiary has been persistently making losses and hence recoverable amount calculated as present values of estimated cash flows discounted using a discount rate of 20.1% is lower than the carrying amount of the investment in subsidiary.

13. SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group	
			2023 %	2022 %
Held by the Company				
Addvalue Communications Pte Ltd (1)	Design, development and distribution of tele-communication equipment and related products	Singapore	100	100
Addvalue Innovation Pte Ltd (1)	Design, development and Distribution of tele-communication equipment and related products	Singapore	100	100
Zhongxin Chuangzhi Holding Pte. Ltd. (1)	Investment holding	Singapore	100	100
Addvalue Capital Pte. Ltd. (1)	Investment holding	Singapore	100	100
Addvalue Global Limited (2)	Business development, sale and marketing of satellite communication equipment	Hong Kong	100	100
Held by Zhongxin Chuangzhi Holding Pte. Ltd.				
Zhongxin Chuangzhi (Beijing) Technology Ltd., Co. (2)	Business development, sale and marketing of satellite communication equipment	People's Republic of China	100	100
Held by Addvalue Innovation Pte Ltd				
Addvalue Solutions Pte. Ltd. (1)	Design and supply of communication products and services	Singapore	100	100
Held by Addvalue Capital Pte. Ltd.				
Revere Space Inc. (3)	Business development, sale and marketing of satellite communication products and services	United States of America	100	100

(1) Audited by Mazars LLP, Singapore.

(2) Audited by Mazars Beijing for the purpose of expressing an opinion on the consolidated financial statements of the Group.

(3) Not required to be audited by law in the country of incorporation.

14. ASSOCIATE

	Group and Company	
	2023	2022
	US$	US$
Equity shares, at cost	137	137
Impairment losses	(137)	(137)
Carrying amount	–	–

Details of the associate are as follows:

Name of associate	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group		Cost of investment to the Company	
			2023	2022	2023	2022
			%	%	US$	US$
Addvalue Communications Inc ("AVCI") [(1)]	Ceased operations	United States of America	23	23	137	137

(1) Not required to be audited by law in the country of incorporation.

The associate, AVCI has ceased operation since 2009.

15. INTANGIBLE ASSETS

Group	Development expenditure US$	Patents US$	Computer software US$	Total US$
Cost				
At 1 April 2021	32,569,065	72,389	1,356,542	33,997,996
Additions (1)	135,785	11,547	–	147,332
At 31 March 2022	32,704,850	83,936	1,356,542	34,145,328
Additions (1)	556,257	6,385	–	562,642
Written off	(395,824)	–	–	(395,824)
At 31 March 2023	32,865,283	90,321	1,356,542	34,312,146
Accumulated amortisation				
At 1 April 2021	12,204,601	44,126	1,356,542	13,605,269
Amortisation charge for the financial year	563,262	–	–	563,262
At 31 March 2022	12,767,863	44,126	1,356,542	14,168,531
Amortisation charge for the financial year	614,949	–	–	614,949
Written off	(395,824)	–	–	(395,824)
At 31 March 2023	12,986,988	44,126	1,356,542	14,387,656
Accumulated impairment				
At 1 April 2021	10,751,898	–	–	10,751,898
Impairment losses	600,000	–	–	600,000
At 31 March 2022	11,351,898	–	–	11,351,898
Impairment losses	600,000	–	–	600,000
At 31 March 2023	11,951,898	–	–	11,951,898
Carrying amount				
At 31 March 2023	7,926,397	46,195	–	7,972,592
At 31 March 2022	8,585,089	39,810	–	8,624,899

(1) Net of government grant amounted to US$788,250 (2022: US$1,861,126).

Included in the development expenditure is an amount of US$4,504,737 (2022: US$5,265,967) pertaining to development projects not yet available for use.

The Group invests in development activities to build its base of proprietary products, applications and processes. The net carrying value of development expenditure amounting to US$7,926,397 (2022: US$8,585,089) represents development costs incurred for the development of various core technological elements in mobile satellite communication terminals and related applications, including radio frequency and antenna design, new embedded firmware and hardware systems, digital communication and baseband processing and application firmware to ensure continual innovation, competitiveness and future proof of terminal design and related applications. The carrying value of development expenditure is expected to be recovered from probable future economic benefits that are expected to be generated from the sales of the wide portfolio of existing products and the commercial exploitation of related applications over the useful mobile satellite service lifetime. The amortisation of development expenditure amounting to US$614,949 (2022: US$563,262) was charged to other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

15. INTANGIBLE ASSETS (CONTINUED)

In the previous financial year, the Group's intellectual property related to certain satellite technologies under Space Connectivity ("SPC") with carrying amount of US$7,030,987 was utilised as security to a shareholder investor for the issuance of convertible loan notes (Note 27).

The individual development projects of which respectively carrying amounts are more than 10% of the total intangible assets in either 2023 or 2022 are as follows:

	Group	
Carrying amount	**2023**	**2022**
	US$	**US$**
Project 1	1,615,118	1,860,452
Project 2 (In progress)	3,116,875	2,791,896
Project 3	1,185,740	1,317,486

Included in the development expenditure are the capitalisation of the employee benefits expense of US$662,709 for the current financial year (2022: US$1,300,892) (Note 11).

Development expenditure for Project 2 is net of government grant received during the current financial year amounting to US$788,250 (2022: US$1,861,126).

<u>Impairment losses of development expenditure</u>

For the purpose of impairment testing, development expenditure has been allocated to the Group's cash-generating units ("CGUs") as follows:

	Group	
	2023	**2022**
	US$	**US$**
Internet-of-Things ("IoT")	–	–
Satellite communication ("Satcom")	113,381	828,774
Advance Digital Radio Solutions ("ADRS")	724,419	672,854
Space Connectivity ("SPC")	7,088,597	7,083,461
	7,926,397	8,585,089

The recoverable amounts of the remaining CGUs have been determined based on value-in-use using cash flow projections based on financial budgets approved by management.

15. INTANGIBLE ASSETS (CONTINUED)

Impairment losses of development expenditure (Continued)

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

	Satcom		Internet-of-Things		Advance Digital Radio Solutions		Space Connectivity	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Growth rates [1]	-38% to 19%	-26% to 12%	0% to 35%	9% to 120%	-2% to 169%	0% to 359%	0% to 90%	10% to 237%
Discount rate [2]	20.1%	20.3%	20.1%	20.3%	20.1%	20.3%	20.1%	20.3%
Cash flow projections (years)	10	10	10	10	10	10	10	10

(1) Annual growth rates used to extrapolate cash flows are based on past performance and the market development adjusted for the specific circumstances of the CGU and based on management's experience.

(2) The discount rate applied is based on the weighted average cost of the Group's capital (the "WACC"), adjusted for the specific circumstances of the CGUs, and based on management's experience, and grossed-up to arrive at the pre-tax rate.

Based on the value-in-use, impairment losses amounting to US$600,000 (2022: US$600,000) was recognised in "Other operating expenses" (Note 6) for the financial year ended 31 March 2023. The impairment losses are included in the segment result of Asia Pacific region as the development expenditure is located in Singapore.

Impairment losses of development expenditure

Sensitivity analysis for impairment losses of development expenditure

The Group expects certain products to be competitive and if sales achieved in the forecast year dropped by 15% from the Group's forecasted quantities, with other assumptions remaining constant, the carrying amount of certain developments will show additional impairment losses of the CGUs as follow:

	Group	
	Adjusted carrying amount	**Additional impairment loss**
	US$	**US$**
2023		
Satellite communication ("Satcom")	88,381	25,000
Advance Digital Radio Solutions ("ADRS")	724,419	–
Space Connectivity ("SPC")	7,088,597	–
2022		
Satellite communication ("Satcom")	783,774	45,000
Advance Digital Radio Solutions ("ADRS")	672,854	–
Space Connectivity ("SPC")	7,083,461	–

16. INVENTORIES

	Group	
	2023	2022
	US$	US$
Finished goods	792,403	390,923
Raw materials	3,381,611	2,074,386
Semi-finished goods	724,762	385,566
	4,898,776	2,850,875

The cost of inventories recognised as an expense and included in "cost of sales" amounted to US$3,867,578 (2022: US$1,143,897). Finished goods, raw materials and semi-finished goods of the Group are stated at net realisable value after the write-off of inventories of US$391,544 (2022: US$431,560), included in "Other operating expenses" (Note 6).

17. TRADE RECEIVABLES

	Group	
	2023	2022
	US$	US$
Trade receivables	8,228,792	7,448,493
Less: loss allowance (Note 39)	(6,000,000)	(6,000,000)
	2,228,792	1,448,493

The Group's trade receivables are non-interest bearing and are generally ranging from 0 to 60 (2022: 0 to 60) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables include an amount of US$6,000,000 (2022: US$6,000,000) pertaining to a one-off licensing income. The settlement of the consideration will be at the option of the trade debtor, either by way of cash or issuance of shares to the Group. The customer had opted to issue shares to settle the outstanding trade receivable. On 29 May 2020, the customer entered into an addendum to extend the deadline for the transfer of shares to 15 July 2020 and both parties agreed that the shares of the customer to be issued to the Group shall be worth US$6,000,000 based on the fund raising to be concluded by the customer.On 17 August 2020, the customer issued a trust deed to the Group stating that they had earmarked to issue a minimum of 2,000,000 shares valued at US$3 each for the settlement. On 29 September 2020, management entered into another addendum with the customer to further extend the deadline for the transfer of shares to 31 December 2021. On 1 January 2022, management entered into another addendum with the customer to further extend the deadline for the transfer of shares to 31 December 2022.In consideration of the delays of the transfer of the shares by the customer and the heightened volatility and uncertainty in the economic environment that the customer operates in, the management is of the view that there has been a significant increase in credit risk relating to the receivable since initial recognition. With reference to SFRS(I) 9, accordingly, the Group recorded loss allowance of US$6,000,000 in the last financial year. The amount remains outstanding as of 31 March 2023 and thus the loss allowance remains unchanged as at 31 March 2023.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 US$	2022 US$	2023 US$	2022 US$
Deposits	159,407	85,382	111	110
Other receivables	477,044	426,363	–	–
Prepayments	155,321	86,930	8,355	–
Prepayments to suppliers	117,873	334,929	–	–
Less: loss allowance (Note 39)	(380,700)	(339,975)	–	–
	528,945	593,629	8,466	110

The Group's other receivables are unsecured, non-interest bearing and repayable on demand.

19. OTHER INVESTMENT

	Group and Company	
	2023 US$	2022 US$
Quoted equity investment – at FVTPL	19,825	268,400

The quoted equity instrument classified at FVTPL and is denominated in United States dollar. The fair values of this instrument are based on closing quoted market prices on the last market day of the financial year.

20. DUE FROM/TO SUBSIDIARIES (NON-TRADE)

These non-trade balances are unsecured, interest-free and repayable on demand.

21. CASH AND BANK BALANCES

	Group		Company	
	2023 US$	2022 US$	2023 US$	2022 US$
Cash at bank	149,001	631,071	820	1,131
Cash in hand	2,288	967	–	–
Cash and bank balances	151,289	632,038	820	1,131

Cash at banks earns interest at floating rates based on daily bank deposit rates.

22. TRADE PAYABLES

	Group	
	2023 US$	2022 US$
Trade payables		
- Third parties	1,772,543	641,139

Trade payables are non-interest bearing and the average credit period on purchases of supplies and services ranges from 31 to 60 days (2022: 31 to 60 days) according to the terms agreed with the suppliers.

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 US$	2022 US$	2023 US$	2022 US$
Accrued operating expenses				
- Employee benefits	856,435	1,963,874	–	–
- Directors' fees (1)	–	79,927	–	79,927
- Others	329,586	276,626	140,837	53,495
Due to directors (2)	–	279,059	–	239,266
Other payables	890,003	559,289	645,401	387,408
	2,076,024	3,158,775	786,238	760,096

(1) These amounts represented unpaid directors' fees which are unsecured, interest-free and repayable on demand.

(2) These amounts represented advances from directors which are unsecured, interest-free and repayable on demand. Included in this amount is an interest payable of US$239,266 as of 31 March 2022 to a director of the Company for Loan 4 (Note 26).

Other payables are non-interest bearing and the average credit period on purchases of supplies and services ranges from 31 to 60 (2022: 31 to 60) days according to the terms agreed with the suppliers.

24. PROVISIONS

	Group		Company	
	2023 US$	2022 US$	2023 US$	2022 US$
Directors' fees	160,181	121,510	160,181	121,510
Warranty	17,576	3,954	–	–
	177,757	125,464	160,181	121,510

Provision for directors' fees represents the amounts proposed for the current financial year and is subject to the shareholders' approval at the forthcoming annual general meeting of the Company.

24. PROVISIONS (CONTINUED)

The Group provides a two-year warranty on most products under which faulty products are repaired or replaced. The amount of the provision is based on the sales volume and experience with the level of repairs and returns.

Group	Directors' fees US$	Warranty US$	Total US$
2023			
At beginning of financial year	121,510	3,954	125,464
Provision	160,181	17,576	177,757
Utilisation	(121,510)	(3,954)	(125,464)
At end of financial year	160,181	17,576	177,757
2022			
At beginning of financial year	72,463	28,657	101,120
Provision	121,510	–	121,510
Utilisation	(72,463)	(24,703)	(97,166)
At end of financial year	121,510	3,954	125,464

Company	Directors' fees US$
2023	
At beginning of financial year	121,510
Provision	160,181
Utilisation	(121,510)
At end of financial year	160,181
2022	
At beginning of financial year	72,463
Provision	121,510
Utilisation	(72,463)
At end of financial year	121,510

25. BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	US$	US$	US$	US$
Due within one year				
Loans (Note 26)	484,957	3,037,716	–	1,106,526
Convertible loan notes (Note 27)	–	2,755,334	–	2,755,334
Bills payable	222,237	–	–	–
	707,194	5,793,050	–	3,861,860
Due after one year or more				
Loans (Note 26)	–	13,897	–	–
Redeemable convertible bonds (Note 28)	3,560,764	–	3,560,764	–
	3,560,764	13,897	3,560,764	–
	4,267,958	5,806,947	3,560,764	3,861,860
Total borrowings				
Loans (Note 26)	484,957	3,051,613	–	1,106,526
Convertible loan notes (Note 27)	–	2,755,334	–	2,755,334
Bills payable	222,237	–	–	–
Redeemable convertible bonds (Note 28)	3,560,764	–	3,560,764	–
	4,267,958	5,806,947	3,560,764	3,861,860

Bills payable relate to short-term trade finance loans, bears a fixed interest rate of 2% (2022: 1.75%) per month and repayable on maturity date. The bills payable is jointly and severally guaranteed by certain directors of the Company.

26. LOANS

	Group		Company	
	2023	2022	2023	2022
	US$	US$	US$	US$
Due within one year				
Loan 1 (unsecured)	13,932	115,078	–	–
Loan 2 (unsecured)	–	662,516	–	–
Loan 3 (unsecured)	–	21,311	–	–
Loan 4 (unsecured)	–	400,000	–	400,000
Loan 5 (unsecured)	–	1,132,285	–	–
Loan 6 (unsecured)	–	706,526	-	706,526
Loan 7 (unsecured)	47,560	–	–	–
Loan 8 (unsecured)	188,400	–	–	–
Loan 9 (unsecured)	69,273	–	–	–
Loan 10 (unsecured)	113,040	–	–	–
Loan 11 (unsecured)	52,752	–	–	–
	484,957	3,037,716	-	1,106,526
Due after one year or more				
Loan 1 (unsecured)	–	13,897	–	–
Total loans	484,957	3,051,613	–	1,106,526

Loan 1 (unsecured)

Loan 1 was obtained by a subsidiary of the Company from several third-party individuals and is denominated in Singapore dollar, bears a fixed interest rate at 16% per annum and is unsecured and repayable in 18 monthly instalments. The loan is guaranteed by the Company.

Loan 2 (unsecured)

Loan 2 was obtained by a subsidiary of the Company from a third-party individual in the previous financial year and is denominated in Singapore dollar, bears a fixed interest rate at 16% per annum and is unsecured and repayable on a lump sum payment on maturity date. The loan is guaranteed by the Company.

The loan has been fully repaid during the year.

Loan 3 (unsecured)

Loan 3 was obtained by a subsidiary of the Company from receivables factoring institution in the previous financial year and is denominated in Singapore dollar, bears a fixed interest rate at 18% per annum and is unsecured and repayable in 18 months instalments. The loan is guaranteed by the Company.

The loan has been fully repaid during the year.

26. LOANS (CONTINUED)

Loan 4 (unsecured)

Loan 4 was obtained by the Company from a director of the Company in the previous financial year and is denominated in United States dollar, bears a fixed interest rate at 16% per annum and is unsecured and repayable on a lump sum payment on maturity date.

The loan has been fully repaid during the year.

Loan 5 (unsecured)

Loan 5 was obtained by a subsidiary of the Company from a third-party individual in the previous financial year and is denominated in Singapore dollar, bears a fixed interest rate at 10% per annum and is unsecured and repayable on a lump sum payment on maturity date. The loan is guaranteed by the Company.

The loan has been fully repaid during the year.

Loan 6 (unsecured)

Loan 6 was obtained by the Company from the conversion of the convertible loan note 1 with a holder into a term loan during the financial year and is denominated in Singapore dollar. The loan bears a fixed interest rate at 8% per year, is unsecured and repayable in one year by offsetting against any Warrants Shares exercised and any remaining balances to be settled in cash.

The loan has been fully repaid during the year.

Loan 7 (unsecured)

Loan 7 was obtained by a subsidiary of the Company from several third-party individuals or companies during the financial years and is denominated in Singapore dollar, bears a fixed interest rate at 24% per annum and is unsecured and repayable in 6 monthly instalments. The loan is guaranteed by the Company and certain directors of Company.

Loan 8 (unsecured)

Loan 8 was obtained by a subsidiary of the Company from a third-party individual during the financial year and is denominated in Singapore dollar, bears a fixed interest rate at 3% per month and is unsecured and repayable on a lump sum payment on maturity date. The loan is guaranteed by the Company.

Loan 9 (unsecured)

Loan 9 was obtained by a subsidiary of the Company from several third-party individuals during the financial year and is denominated in Singapore dollar, bears a fixed interest rate at 1.78% per month and is unsecured and repayable in 12 monthly instalments. The loan is guaranteed by the Company and certain directors of the Company.

26. LOANS (CONTINUED)

Loan 10 (unsecured)

Loan 10 was obtained by a subsidiary of the Company from a third-party company during the financial year and is denominated in Singapore dollar, bears a fixed interest rate at 3% per month and is unsecured and repayable in 4 months instalments. The loan is guaranteed by the Company.

Loan 11 (unsecured)

Loan 11 was obtained by a subsidiary of the Company from a third-party company during the financial year and is denominated in Singapore dollar, bears a fixed interest rate at 1.7% per month and is unsecured and repayable in 6 monthly instalments. The loan is guaranteed by the Company and certain directors of Company.

27. CONVERTIBLE LOAN NOTES

	Group and Company	
	2023	2022
	US$	US$
Convertible loan notes 1	–	–
Convertible loan notes 2	–	2,755,334
	–	2,755,334

Convertible loan notes 1

On 31 May 2017 (“Completion Date”), the Company issued convertible loan notes with principal amount of S$7.1 million (approximately US$5.1 million). The loan notes bears a fixed interest rate of 5% per annum on each amount outstanding under convertible loan notes, which is payable on each anniversary of the Completion Date until the loan principal is fully repaid. The loan notes are convertible at the option of the holders into 128,500,000 new ordinary shares in the capital of the Company (the “conversion shares”) at a conversion price of S$0.055 per conversion shares at any time on or before the maturity date. The Company shall on the maturity date, at the option of the holders, redeem the convertible loan notes from the holders by repaying the outstanding loan principal in full and all interest that remain outstanding or made full redemption of convertible loan notes through conversion shares. On 2 June 2017, the Company allotted and issued 83,500,000 conversion shares. As at 31 March 2020, there is an outstanding convertible loan notes of S$2.475 million (approximately US$1.9 million) which remained unconverted.

On 20 August 2020, the Company had entered into a revised convertible loan agreement with a holder of the convertible loan notes. The Company had settled with principal payments by way of cash payment and share placements amounting to S$223,630 (equivalent to US$167,096) and S$251,370 (equivalent to US$184,129) respectively and interest payments by way of cash payments amounting to S$123,750 (equivalent to US$88,840). The revised convertible loan notes are issued with principal amount of S$2 million (approximately US$1.4 million) and bears a fixed interest rate of 5% on each amount outstanding under convertible loan notes, on each anniversary of the completion date until the loan principal is fully repaid. The loan notes are convertible at the option of the holder at any time into 83,542,189 shares (the "conversion shares") at a conversion price of S$0.02394 per conversion shares at any time on or before the maturity date. The Company shall on the maturity date, at the option of the holder, redeem the convertible loan notes from the holder by repaying the outstanding loan principal in full and all interest that remain outstanding or made full redemption of convertible loan notes through conversion shares. As at 31 March 2021, there is an outstanding convertible loan notes of S$2 million (approximately US$1.4 million) which remained unconverted.

27. CONVERTIBLE LOAN NOTES (CONTINUED)

Convertible loan notes 1 (Continued)

The interest charged for the financial year ended 31 March 2021 is calculated by applying an effective interest rate of 20.62% per annum to the liability component from the issuance date of the convertible loan notes since they were issued. The convertible loan notes will mature on 6 September 2021.

On 2 December 2021, the Company had entered into a subscription agreement with the holder of the convertible loan notes. The Company had terminated and converted the convertible loan notes to a loan which was partially settled through a cash payment amounting to S$200,000 (approximately US$147,960) and a contra against the issue consideration of a share placement exercise of amount S$999,998 (approximately US$736,999) in the previous financial year, with the remainder balance loan of S$931,906 (approximately US$686,815) which bears interest at 8% per annum, reserved for set off against the consideration for any warrants shares exercised pursuant to the subscription agreement. Any balance amount shall be settled in cash between the Company and the holder upon the earlier of exercising of the Warrants or on maturity date of the Balance loan. The remaining loan was fully settled on 3 June 2022.

The proceeds received from the issue of the convertible loan notes have been split between the liability and equity component as follows:

	Group and Company US$
Nominal value of convertible loan notes issued	5,065,984
Equity component (Note 33)	819,945
Liability component	
At 1 April 2021	1,406,001
Imputed interest charged	189,950
Exchange difference	(38,692)
Extinguishment of loan	(1,557,259)
At 31 March 2022 and 31 March 2023	–
Equity component	
At 1 April 2021 and 31 March 2022	819,945
Movement arising from extinguishment of convertible loan note	(819,945)
At 31 March 2023	–
Proceeds from convertible loan notes	5,065,984

27. CONVERTIBLE LOAN NOTES (CONTINUED)

Convertible loan notes 2

On 6 August 2019 ("Completion Date"), the Company issued convertible loan notes with principal amount of S$3.45 million (approximately US$2.55 million). The loan notes bears a fixed interest rate of 8% per annum on each amount outstanding under convertible loan notes, which is payable on each anniversary of the Completion Date until the loan principal is fully repaid. The loan notes are convertible at the option of the holder into 150,000,000 new ordinary shares in the capital of the Company (the "conversion shares") at a conversion price of S$0.023 per conversion shares at any time on or before the maturity date. The Company shall on the maturity date, at the option of the holder, redeem the convertible loan notes from the holder by repaying the outstanding loan principal in full and all interest that remain outstanding or made full redemption of convertible loan notes through conversion shares. As at 31 March 2021, the convertible loan notes remained unconverted.

The interest charged for the financial year ended 31 March 2021 is calculated by applying an effective interest rate of 30.30% per annum to the liability component from the issuance date of the convertible loan notes since they were issued.

On 3 September 2021, the maturity of the convertible loan notes was further extended to 30 September 2022.

The interest charged for the financial year ended 31 March 2022 is calculated by applying an effective interest rate of 18.22% per annum to the liability component from the issuance date of the convertible loan notes since they were issued.

The loan, including interest accrued and payable, was fully settled by cash consideration on 4 July 2022 and 22 July 2022.

27. CONVERTIBLE LOAN NOTES (CONTINUED)

Convertible loan notes 2 (Continued)

The proceeds received from the issue of the convertible loan notes have been split between the liability and equity component as follows:

	Group and Company US$
Nominal value of convertible loan notes issued	2,546,000
Equity component (Note 33)	786,864
Liability component	
At 01 April 2021	2,390,117
Imputed interest charged	337,580
Exchange difference	72,204
At 30 September 2021	2,799,901
Gain from extinguishment of convertible loan note	(259,831)
Imputed interest charged	230,029
Exchange difference	(14,765)
At 31 March 2022	2,755,334
Imputed interest charged	87,476
Extinguishment of loan	(2,842,810)
At 31 March 2023	–
Equity component	
At 1 April 2021	786,864
Movement arising from extinguishment of convertible loan note	(527,034)
At 31 March 2022	259,830
Movement arising from extinguishment of convertible loan note	(259,830)
At 31 March 2023	–
Proceeds from convertible loan notes	2,546,000

28. REDEEMABLE CONVERTIBLE BONDS

	Group and Company	
	2023	2022
	US$	US$
Financial liability at FVTPL		
Redeemable convertible bonds	3,560,764	–
Amount the Group and Company is contractually obligated to pay to the holders of the convertible bond at maturity	3,288,888	–
Fair value loss	48,307	–
Exchange difference	223,569	–
	3,560,764	–

On 4 November 2022 (the "Completion Date"), the Company issued redeemable convertible bonds (the "bonds") with principal amount of S$5.0 million (approximately US$3.6 million) at a discounted price of S$0.931. The bonds bear a fixed interest rate of 6% per annum on the amount outstanding under the bonds, which is payable on semi-anniversary of the Completion Date until the bonds principal is fully repaid.

The bonds come with a redeemable feature, which allows the Company to redeem the bonds after the third anniversary of the issue date till the maturity date.

The bonds are also convertible at the option of the holders into 294,490,588 new ordinary shares in the capital of the Company (the "conversion shares") at a fixed conversion price of S$0.017 per conversion shares at any time after completion date but not less than 10 days prior to the maturity date.

The Company shall on the maturity date, redeem the bonds from the holders by repaying the outstanding loan principal in full and all interest that remain outstanding.

The instrument contains an embedded derivative and the Company has designated the entire instrument at fair value through profit or loss on initial recognition. As such the embedded derivative is not separated.

The Company determines the amount of fair value changes using binomial tree model. The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible bond at the date of issuance.

29. THE GROUP AS A LESSEE

The Group leases industrial building and office equipment for three to five years.

Recognition exemptions

The Group has lease of office building and office equipment with lease terms of 12 months. For such leases, the Group has elected not to recognise right-of-use assets and lease liabilities.

29(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment as follows:

	Leasehold buildings US$	Furniture, fittings and office equipment US$	Total US$
Group			
At 1 April 2021	292,760	19,936	312,696
Depreciation	(206,655)	(5,564)	(212,219)
At 31 March 2022	86,105	14,372	100,477
Addition	188,625	–	188,625
Depreciation	(196,137)	(5,564)	(201,701)
At 31 March 2023	78,593	8,808	87,401

The total cash outflow for leases during the financial year ended 31 March 2023 is US$210,556 (2022: US$226,923).

29(b) Lease liabilities

	Group 2023 US$	Group 2022 US$
Lease liabilities - non-current	3,949	10,554
Lease liabilities - current	86,017	95,986
	89,966	106,540

The maturity analysis of lease liabilities is disclosed in Note 39.

29. THE GROUP AS A LESSEE

29(c) Amounts recognised in profit or loss

	Group	
	2023 US$	2022 US$
Interest expense on lease liabilities	5,357	10,834
Expense relating to short-term leases	112,308	206,655

30. CONTRACT LIABILITIES

Contract liabilities relate to advances received for sales of goods. Revenue for sales of goods is recognised at the point in time although the customer pays for the services at the contract inception date. A contract liability is recognised for the advances received from the customers and is recognised as and when the performance obligation is satisfied.

Contract liabilities for the financial year ended 31 March 2023 decreased due to more advances released with the completion of contracts during the financial year.

The Group's revenue recognised in the financial years that was included in the contract liabilities balance at the beginning of the respective financial years is as follows:

	Group	
	2023 US$	2022 US$
Amounts included in contract liabilities at the beginning of the financial year		
- Sales of goods	923,176	494,883

31. DEFERRED TAX LIABILITIES

	Group	
	2023	2022
	US$	US$
At beginning of financial year	(1,699,349)	(1,633,782)
Recognised in the profit or loss		
- Relates to origination and reversal of temporary differences	344,009	(65,567)
At end of financial year	(1,355,340)	(1,699,349)

The components and movement of deferred tax liabilities during the financial year are as follows:

Group	Development expenditure US$
2023	
At beginning of financial year	(1,699,349)
Recognised in the profit or loss	
- Relates to origination and reversal of temporary differences	110,893
- Over provision of prior year	233,116
At end of financial year	(1,355,340)
2022	
At beginning of financial year	(1,633,782)
Recognised in the profit or loss	
- Relates to origination and reversal of temporary differences	(65,567)
At end of financial year	(1,699,349)

32. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of ordinary shares	US$	Number of ordinary shares	US$
Issued and fully paid:				
At beginning of financial year	2,524,601,975	83,115,804	2,248,811,975	80,577,932
Issuance of placement shares (A)	–	–	263,940,000	2,462,220
Issuance of performance shares (B)	–	–	11,850,000	114,182
Issuance of placement shares (C)	169,070,000	1,564,042	–	–
Issuance of warrant shares (D)	185,240,000	1,720,786	–	–
Issuance of optional subscription shares (E)	228,000,000	2,096,714	–	–
Issuance of placement shares (F)	135,120,000	1,431,040	–	–
Issuance of new shares pursuant conversion of redeemable convertible bonds (G)	117	1	–	–
Share issue expense	–	(445,215)	–	(38,530)
At end of financial year	3,242,032,092	89,483,172	2,524,601,975	83,115,804

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(A) On 6 January 2022, pursuant to a share placement exercise, the Group and the Company allotted and issued 263,940,000 new ordinary shares of the Group and the Company (the "Placement Shares") in the share capital of the Group and the Company at a placement price of S$0.0127 per Placement Share for S$3,352,038 (equivalent to US$2,462,220).

(B) Pursuant to the Addvalue Technologies Performance Shares Plan, the Group and the Company allotted and issued 11,850,000 new ordinary shares of the Group and the Company (the "Performance share") in the share capital of the Group and the Company at a performance share price of S$0.013 per Performance Share for S$153,040 (equivalent to US$114,182).

(C) On 10 May 2022, pursuant to a share placement exercise, the Group and the Company allotted and issued 169,070,000 new ordinary shares of the Group and the Company (the "Placement Shares") in the share capital of the Group and the Company at a placement price of S$0.0127 per Placement Share for S$2,147,189 (equivalent to US$1,564,042).

(D) On 20 April 2022, 22 April 2022, 27 April 2022 and 7 June 2022, pursuant to a share placement exercise completed on 6 January 2022, the Group and the Company allotted and issued 20,000,000, 42,500,000, 24,000,000 and 98,740,000 new ordinary shares of the Group and the Company (the "Warrant Shares") respectively in the share capital of the Group and the Company at an exercise price of S$0.0127 per Warrant Shares for S$2,352,548 (equivalent to US$1,720,786).

(E) On 31 May 2022, 7 July 2022 and 12 August 2022, the Group and the Company allotted and issued 118,000,000, 90,000,000 and 20,000,000 new ordinary shares of the Group and the Company (the "Optional Subscription Shares") respectively in the share capital of the Group and the Company at an issue price of S$0.0127 per Optional Subscription Shares for S$2,895,600 (equivalent to US$2,096,714).

32. SHARE CAPITAL (CONTINUED)

(F) On 11 August 2022, pursuant to a placement exercise, the Group and the Company allotted and issued 135,120,000 new ordinary shares of the Group and the Company (the "Placement Shares") in the share capital of the Group and the Company at a placement price of S$0.0148 per Placement Share for S$1,999,776 (equivalent to US$1,431,040).

(G) On 11 January 2023, pursuant to redeemable convertible bonds issued on 4 November 2022 (Note 28), the Group and the Company allotted and issued 117 new ordinary shares of the Group and Company (the "RCB Shares") in the share capital of the Group and the Company at a conversion price of S$0.017 per RCB Share for S$2 (equivalent to US$1).

These newly issued shares rank pari passu with the existing shares.

33. CAPITAL RESERVE

	Group		Company	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
At beginning of financial year	1,826,657	2,353,691	1,079,775	1,606,809
Movement arising from extinguishment of convertible loan note (Note 27)	(1,079,775)	(527,034)	(1,079,775)	(527,034)
At end of financial year	746,882	1,826,657	–	1,079,775
Representing non-distributable reserve (Group and Company):				
Redemption of preference shares out of profits of a subsidiary *	746,882	746,882	–	–
Equity portion of convertible loan notes	–	1,079,775	–	1,079,775

* This amount arose from redemption of preference shares issued by a subsidiary in financial year 2012.

34. STATUTORY RESERVE

One of the Group's subsidiaries follows PRC GAAP applicable to foreign-owned enterprise in the preparation of its accounting records and statutory financial statements. According to the Articles of Association of the subsidiary, it is required to transfer certain amounts from its profits after tax to statutory reserve. The transfers to the reserve must be made before the distribution of dividends to equity owners. The percentage of appropriation is at the discretion of the directors of the subsidiary. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends.

35. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group, as well as from the translation of foreign currency loans which form part of the Group's net investments in foreign operations.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

The effect of the Group's and Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the financial year was as follows:

	Group	
	2023 US$	2022 US$
Salaries, bonus and others	1,054,480	860,763
Share-based payment	–	114,182
Contribution to defined contribution plans	58,520	60,317
	1,113,000	1,035,262
Directors' fees	160,181	121,510
Total compensation paid/payable to key management personnel	1,273,181	1,156,772
Comprised of amount proposed or due to:		
Directors of the Company		
- Directors' fees	160,181	121,510
- Remuneration and contribution to defined contribution plans	407,264	517,395
	567,445	638,905
Other key management personnel	705,736	517,867
	1,273,181	1,156,772

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Outstanding balances owing to the directors of the Company are disclosed in Notes 23 and 24 respectively. There have been no other related party transactions entered into during the financial year.

37. CONTINGENT LIABILITIES

As at 31 March 2023, the Company has given guarantees amounting to US$599,112 (2022: US$2,502,450) to certain financial institutions in respect of facilities granted to one of the subsidiaries of the Group.

The Company has not recognised any liability in respect of the guarantees given to the financial institutions for the facilities granted to one of the subsidiaries of the Group as the Company's directors have assessed that the possible amount is not material, and it is not probable that the subsidiaries will default on repayment.

As at the end of the financial year, the total amount of loans drawn-down and outstanding covered by the guarantees are US$484,957 (2022: US$1,945,087). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective financial institutions if the subsidiary to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the facility.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

38. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical areas as the Group's risks and rates of return are affected predominantly by geographical areas.

The Group is engaged in a single business of sales of telecommunication equipment and related products and components and provision of related design services. During the reporting years, the Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the directors review internal management reports on a regular basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1: Europe Middle East and Africa ("EMEA") included sales made to customers based in Spain, United Kingdom, United Arab Emirates ("UAE") and other countries within the region;

- Segment 2: North America included sales made to customers based in United States of America, Canada and other countries within the region;

- Segment 3: Asia Pacific included sales made to customers based in Singapore, Malaysia, Korea, China, Philippines, Australia, and other countries within the region.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group's financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. There is no transfer pricing between operating segments as there is no inter-segment transaction.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group operates from Asia Pacific region. Segment assets and liabilities for other segments (EMEA and North America) mainly includes the balances with the customers or suppliers located in the respective regions. Other segment assets (mainly comprising intangible assets, property, plant and equipment and inventories) and other segment liabilities are presented based on its location, being the Asia Pacific region.

38. SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.22.

2023	EMEA US$	North America US$	Asia Pacific US$	Consolidated US$
Revenue				
Total revenue from external customers	54,809	3,201,789	4,292,314	7,548,912
Gross profit	26,111	1,525,363	2,044,899	3,596,373
Other operating income				41,377
Unallocated expenses*				(6,487,064)
Finance expenses				(487,192)
Loss before income tax				(3,336,506)
Income tax credit				344,009
Loss for the year				(2,992,497)
Segment assets				
- Segment assets	39,804	546,875	15,764,009	16,350,688
Segment liabilities				
- Segment liabilities	330,761	309,101	8,524,346	9,164,208
- Deferred tax liabilities	–	–	1,355,340	1,355,340
Total liabilities				10,519,548
Other information				
Capital expenditure				
- Property, plant and equipment(1)	–	15,881	258,556	274,437
- Intangible assets	–	–	1,350,892	1,350,892
Impairment loss on development expenditure	–	–	600,000	600,000
Depreciation and amortisation**	7,261	424,195	568,676	1,000,132

(1) Excluding additions of right-of-use assets of US$188,625.

* Unallocated expenses mainly represent selling and distribution expenses, administrative expenses and other operating expenses, which are not directly attributable to revenue generated from customers.

** Depreciation and amortisation were allocated based on revenue contribution from each segment.

38. SEGMENT INFORMATION (CONTINUED)

2022	EMEA US$	North America US$	Asia Pacific US$	Consolidated US$
Revenue				
Total revenue from external customers	36,450	2,898,532	2,522,560	5,457,542
Gross profit	25,210	2,004,702	1,744,670	3,774,582
Other operating income				627,189
Unallocated expenses*				(11,033,896)
Finance expenses				(1,265,647)
Loss before income tax				(7,897,772)
Income tax expense				(65,567)
Loss for the year				(7,963,339)
Segment assets				
- Segment assets	–	268,400	14,622,524	14,890,924
Segment liabilities				
- Segment liabilities	–	236,600	10,525,441	10,762,041
- Deferred tax liabilities	–	–	1,699,349	1,699,349
Total liabilities				12,461,390
Other information				
Capital expenditure				
- Property, plant and equipment	–	–	89,463	89,463
- Intangible assets	–	–	2,008,458	2,008,458
Impairment loss on development expenditure	–	–	600,000	600,000
Loss allowance for trade receivable	–	6,000,000	–	6,000,000
Depreciation and amortisation**	6,600	635,714	346,161	988,475

* Unallocated expenses mainly represent selling and distribution expenses, administrative expenses, loss allowance for trade and other receivables and other operating expenses, which are not directly attributable to revenue generated from customers.

** Depreciation and amortisation were allocated based on revenue contribution from each segment.

38. SEGMENT INFORMATION (CONTINUED)

Non-current assets of the Group are located in Singapore. Revenue from external customers is mainly derived from sales of SPC and ADRS embedded platform and services. Breakdown of the revenue is as follows:

	Group	
	2023	**2022**
	US$	**US$**
Land communication products	448,633	180,948
Maritime communication products	98,158	475,728
SPC product and related services	4,034,694	3,253,637
ADRS embedded platform and services	2,837,374	1,201,339
Components and other sales	130,053	345,890
	7,548,912	5,457,542

The countries from which the Group derives revenue are mainly as follows:

	Revenue	
	2023	**2022**
	US$	**US$**
Country of domicile		
- Singapore	2,832,815	1,406,776
Foreign countries		
- United States of America	3,201,789	2,898,532
- Korea	28,440	37,300
- UAE	4,067	2,352
- United Kingdom	13,500	9,514
- China	8,672	178,736
- Australia	329,408	78,739
- Malaysia	29,033	165,139
- Spain	21,990	198
- India	45,351	7,624
- Japan	974,219	475,423
- Taiwan	16,260	172,914
- Others*	43,368	24,295
	7,548,912	5,457,542

* Others comprise France, Indonesia, Thailand and Netherlands etc.

<u>Major customers</u>

In 2023, revenue of the Group was attributable to major customers based in Singapore (2022: United States of America) amounted to US$2,689,904 (2022: US$2,427,120).

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Group's activities expose it to credit risk, market risks (including foreign currency risk and interest rate risk) and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group's and Company's major classes of financial assets are cash and bank balances and trade and other receivables. Bank balances are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies and the Group does not expect the impairment loss from bank balances to be material, if any.

To assess and manage its credit risk, the Group categorises the aforementioned financial assets according to their risk of default. The Group defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per SFRS(I) 9's presumption.

Due to the nature of the industry that the Group operates in where repayment periods are generally longer and the industry and Group's customary practise, the Group has rebutted the presumption included in SFRS(I) 9 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due. The Group has determined that there has been a significant increase in credit risk since initial recognition when financial assets are more than 90 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

The Group's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risk Note 1	12-months ECL
2	Non-significant increase in credit risk since initial recognition and financial asset is ≤ 90 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition Note 2 or financial asset is > 90 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired Note 3	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount Note 4	Written-off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Group assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Group considers both past due (i.e. whether it is more than 90 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Group's future outlook of the industry in which the debtor operates based on independently obtained information (e.g. expert reports, analyst's reports etc.) and the most recent news or market talks about the debtor, as applicable. In its assessment, the Group will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Group assesses whether one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Group writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cash flows to repay the amounts subjected to the write-off.

The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

With reference to Note 26, the Company provides financial guarantees to certain banks and other financial institutions in respect of facilities granted to one of its subsidiaries. The date when the Group becomes a committed party to the guarantee is considered to be the date of initial recognition for the purpose of assessing the financial asset for impairment. In determining whether there has been a significant risk of a default occurring on the drawn-down facilities, the Group considered the change in the risk that the specified debtor (i.e. the applicable subsidiaries) will default on the contract. The Company assessed that the credit risk relating to the financial guarantees is insignificant to the Company.

As at the end of the financial year, there was significant concentration of credit risk. Trade receivables from 3 (2022: 3) customer accounted for approximately 80% (2022: 88%) of total trade receivables of the Group. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

<u>Trade receivables (Note 17)</u>

The Group uses the practical expedient under SFRS(I) 9 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by geographical locations, product types and internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Group assesses, for example, the gross domestic production growth rates of the countries (eg. Singapore, United States of America, Japan) and the growth rates of the major industries which its customers operate in.

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

Trade receivables (Note 17) (Continued)

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

The age analysis of trade receivables is as follows:

	Group	
	2023	**2022**
	US$	**US$**
Not past due and not impaired	2,051,412	438,902
- Past due 0 to 3 months	177,380	472,441
- Past due 3 to 6 months	–	537,150
- Past due more than 6 months	–	–
Past due but not impaired	177,380	1,009,591
Past due and impaired	6,000,000	6,000,000
	8,228,792	7,448,493

Other receivables (Note 18)

As of 31 March 2023, the Group recorded gross other receivables and deposits of US$477,044 and US$159,407 (2022: US$426,363 and US$85,382) respectively. The Group assessed the loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these other receivables and deposits are of low credit risk except for one of the other receivables amounted to US$380,700 (2022: US$339,975), which have financial difficulties as of 31 March 2023. In its assessment of the credit risk of the other receivables, the Group considered amongst other factors, the financial position of the other receivables as of 31 March 2023, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the receivables operate in. Using 12-month ECL, the Group determined that the ECL is US$380,700 (2022: US$339,975).

Due from subsidiaries (Note 20)

As of 31 March 2023, the Company recorded other receivables from subsidiaries of US$8,000,901 (2022: US$10,327,566) consequent to an extension of loans to the subsidiaries. The Company assessed the loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. In its assessment of the credit risk of the subsidiaries, the Company considered amongst other factors, the financial position of the subsidiaries as of 31 March 2023, the past financial performance and cashflow trends, adjusted for the outlook of the industry and economy in which the subsidiaries operate in. Using 12-month ECL, the Company determined that the ECL is insignificant.

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Credit risk (Continued)

The movement in the loss allowance during the financial year and the Group's exposure to credit risk in respect of the trade and other receivables is as follows:

	Trade receivables			Other receivables		
Internal credit risk grading	**Note (i)**	**Category 3**	**Total**	**Category 1**	**Category 3**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**	**US$**
Loss allowance						
Balance at 1 April 2021	–	–	–	–	339,975	339,975
Loss allowance recognised	–	6,000,000	6,000,000	–	–	–
Balance at 31 March 2022	–	6,000,000	6,000,000	–	339,975	339,975
Loss allowance recognised	–	–	–	–	40,725	40,725
Balance at 31 March 2023	–	6,000,000	6,000,000	–	380,700	380,700
Gross carrying amount						
At 31 March 2022	1,448,493	6,000,000	7,448,493	86,388	339,975	426,363
At 31 March 2023	2,228,792	6,000,000	8,228,792	96,344	380,700	477,044
Net carrying amount						
At 31 March 2022	1,448,493	–	1,448,493	86,388	–	86,388
At 31 March 2023	2,228,792	–	2,228,792	96,344	–	96,344

Note (i) For trade receivables, the Group uses the practical expedient under SFRS(I) 9 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group	
	2023	**2022**
	US$	**US$**
By geographical areas		
- EMEA	39,804	198
- North America	511,963	69,460
- Asia Pacific	1,677,025	1,378,835
	2,228,792	1,448,493
By type of revenue		
- Sales of finished products and components	2,228,792	1,448,493

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group is exposed to foreign currency risk on certain income, expenses, monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily Singapore dollar, Euro, Chinese Renminbi, British Sterling Pound and Malaysian Ringgit.

The carrying amounts of the Group's and of the Company's foreign currency denominated financial assets and financial liabilities as at the end of the financial year are as follows:

Group **2023**	**United States dollar** **US$**	**Singapore dollar** **US$**	**Euro** **US$**	**Renminbi** **US$**	**Others*** **US$**	**Total** **US$**
Financial assets						
Trade receivables	1,390,796	809,876	–	28,120	–	2,228,792
Other receivables and deposits	255	243,492	–	12,004	–	255,751
Other investment	19,825	–	–	–	–	19,825
Cash and bank balances	16,639	99,922	–	34,728	–	151,289
	1,427,515	1,153,290	–	74,852	–	2,655,657
Financial liabilities						
Trade payables	1,089,203	432,047	132,295	45,623	73,375	1,772,543
Other payables and accruals	65,404	2,002,799	–	–	7,821	2,076,024
Borrowings	–	4,267,958	–	–	–	4,267,958
Lease liabilities	–	89,966	–	–	–	89,966
	1,154,607	6,792,770	132,295	45,623	81,196	8,206,491
Net financial assets/(liabilities)	272,908	(5,639,480)	(132,295)	29,229	(81,196)	(5,550,834)
Less: Net financial liabilities denominated in the respective entities' functional currencies	(272,908)	–	–	(29,229)	–	(302,137)
Foreign currency exposure	–	(5,639,480)	(132,295)	–	(81,196)	(5,852,971)

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risk (Continued)

Group 2022	United States dollar US$	Singapore dollar US$	Euro US$	Renminbi US$	Others* US$	Total US$
Financial assets						
Trade receivables	998,867	358,062	746	90,818	–	1,448,493
Other receivables and deposits	57,992	59,585	40,124	14,069	–	171,770
Other invesment	268,400	–	–	–	–	268,400
Cash and bank balances	141,079	382,144	–	108,815	–	632,038
	1,466,338	799,791	40,870	213,702	–	2,520,701
Financial liabilities						
Trade payables	228,151	94,572	188,888	82,582	46,946	641,139
Other payables and accruals	270,593	2,888,004	626	(448)	–	3,158,775
Borrowings	400,000	5,406,947	–	–	–	5,806,947
Lease liabilities	–	106,540	–	–	–	106,540
	898,744	8,496,063	189,514	82,134	46,946	9,713,401
Net financial assets/(liabilities)	567,594	(7,696,272)	(148,644)	131,568	(46,946)	(7,192,700)
Less: Net financial liabilities denominated in the respective entities' functional currencies	(567,594)	–	–	(131,568)	–	(699,162)
Foreign currency exposure	–	(7,696,272)	(148,644)	–	(46,946)	(7,891,862)

* Others comprise British Sterling Pound and Malaysian Ringgit.

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risk (Continued)

Company	United States dollar US$	Singapore dollar US$	Renminbi US$	Total US$
2023				
Financial assets				
Other investment	19,825	–	–	19,825
Other receivables and deposits	111	–	–	111
Due from subsidiaries (non-trade)	8,000,901	–	–	8,000,901
Cash and bank balances	–	820	–	820
	8,020,837	820	–	8,021,657
Financial liabilities				
Other payables and accruals	–	786,238	–	786,238
Borrowings	–	3,560,764	–	3,560,764
Due to subsidiaries (non-trade)	510,174	–	–	510,174
	510,174	4,347,002	–	4,857,176
Net financial assets/(liabilities)	7,510,663	(4,346,182)	–	3,164,481
Less: Net financial assets denominated in the Company's functional currency	(7,510,663)	–	–	(7,510,663)
Foreign currency exposure	–	(4,346,182)	–	(4,346,182)
2022				
Financial assets				
Other investment	268,400	–	–	268,400
Other receivables and deposits	–	110	–	110
Due from subsidiaries (non-trade)	10,327,566	-	–	10,327,566
Cash and bank balances	–	1,131	–	1,131
	10,595,966	1,241	–	10,597,207
Financial liabilities				
Other payables and accruals	–	760,096	–	760,096
Borrowings	400,000	3,461,860	–	3,861,860
Due to subsidiaries (non-trade)	559,843	–	–	559,843
	959,843	4,221,956	–	5,181,799
Net financial assets/(liabilities)	9,636,123	(4,220,715)	–	5,415,408
Less: Net financial assets denominated in the Company's functional currency	(9,636,123)	–	–	(9,636,123)
Foreign currency exposure	–	(4,220,715)	–	(4,220,715)

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Market risks (Continued)

Foreign currency risk (Continued)

Foreign exchange risk sensitivity

The following table details the sensitivity to a 10% (2022: 10%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% (2022: 10%) is the sensitivity rate representing management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2022: 10%) change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they give rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 10% (2022: 10%) against the functional currency of each Group entity, with all other variables held constant, profit or loss for the year and equity will increase/(decrease) by:

	Singapore dollar US$
2023	
Group	
Loss for the year	(468,077)
Company	
Loss for the year	(360,733)
2022	
Group	
Loss for the year	(638,791)
Company	
Loss for the year	(350,319)

A 10% weakening of functional currency of each Group entity against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relates to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

Interests on the Group's loans (Note 26) are on fixed rates that prevail until the maturity of the instruments. No other financial instruments of the Group are subject to interest rate risk.

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk

Liquidity risk refer to the risk in which the Group encounters difficulties in meeting its short-term obligations. Liquidity risk is managed by matching the payment and receipt cycle.

The Group manages its liquidity risk by ensuring the availability of funding through committed credit facilities from a bank and financial institutions. In addition, the Group has also sought for investment funds via issuing of shares and convertible loans to finance its cash flow and operations.

The following table shows details of the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or (pay). The table includes both interest and principal cash flows.

Group	Effective Interest rate	Carrying amount	Total	One year or less	Two to five years
	%	US$	US$	US$	US$
2023					
Undiscounted financial liabilities					
Trade payables	–	1,772,543	1,772,543	1,772,543	–
Other payables and accruals	–	2,076,024	2,076,024	2,076,024	–
Borrowings	6.00 – 36.00	4,267,958	4,516,650	743,872	3,772,778
Lease liabilities	5.25	89,966	95,916	91,917	3,999
		8,206,491	8,461,133	4,684,356	3,776,777
2022					
Undiscounted financial liabilities					
Trade payables	–	641,139	641,139	641,139	–
Other payables and accruals	–	3,158,775	3,158,775	3,158,775	–
Borrowings	6.75 – 42.00	5,806,947	5,858,085	5,844,187	13,898
Lease liabilities	5.25	106,540	117,374	106,172	11,202
		9,713,401	9,775,373	9,750,273	25,100

39. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Liquidity risk (Continued)

Company	Effective Interest rate %	Carrying amount US$	Total US$	One year or less US$	Two to five years US$
2023					
Undiscounted financial liabilities					
Other payables and accruals	–	786,238	786,238	786,238	–
Borrowings	6.00	3,560,764	3,772,778	–	3,772,778
Due to subsidiaries (non-trade)	–	510,174	510,174	510,174	–
		4,857,176	5,069,190	1,296,412	3,772,778
2022					
Undiscounted financial liabilities					
Other payables and accruals	–	760,096	760,096	760,096	–
Borrowings	8.00 - 30.30	3,861,860	3,861,860	3,861,860	–
Due to subsidiaries (non-trade)	–	559,843	559,843	559,843	–
		5,181,799	5,181,799	5,181,799	–

Financial instruments by category

The carrying amount of the different categories of financial instruments as follows:

	Group		Company	
	2023 US$	**2022 US$**	**2023 US$**	**2022 US$**
Financial assets:				
- At amortised cost	2,635,832	2,252,301	8,001,832	10,328,807
- At fair value through profit or loss	19,825	268,400	19,825	268,400
	2,655,657	2,520,701	8,021,657	10,597,207
Financial liabilities:				
At amortised cost	8,206,491	9,713,401	4,857,176	5,181,799

40. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Group and Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	US$	**US$**	**US$**	**US$**
2023				
Recurring fair value measurements				
Financial assets:				
Financial assets at FVTPL[(1)]	19,825	–	–	19,825
Financial liabilities:				
Financial liabilities at FVTPL[(2)]	–	–	3,560,764	3,560,764
2022				
Recurring fair value measurements				
Financial assets:				
Financial assets at FVTPL[(1)]	268,400	–	–	268,400

(1) Fair value of financial assets at FVTPL is determined directly by reference to their published market bid price at the financial year end date.

(2) Fair value of financial liabilities at FVTPL is determined by reference to equivalent non-convertible bond with binomial tree model at the financial year end date.

40. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

Summary of the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements.

Description	Fair value at 31 March 2023 US$	Valuation technique(s)	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss:					
Redeemable convertible bonds	3,560,764	Binomial tree model	Implied bond yield	10.27% - 10.65%	An increase will result in a decrease in fair value

Financial instruments whose carrying amount approximates fair value

The carrying amounts of cash and bank balances, trade and other receivables (excluding prepayments), bank borrowings, trade and other payables and amounts due from/(to) subsidiaries approximate their respective fair values due to the relative short-term maturity of these financial instruments. The non-current borrowings which are carried at amortised cost and bear a fixed interest rate. Fair value information is not disclosed as there is a lack of market information of comparable instruments with similar characteristics and risk profile.

41. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through optimisation of debt and equity balance except where decisions are made to exit businesses or close companies.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Note 25 and equity attributable to owners of the Company, comprising issued capital, retained earnings and reserves as disclosed in Notes 32 to 35 respectively and statements of changes in equity.

The Group's management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through the payment of dividends to shareholders, return capital to shareholders or issue new shares and share buybacks. The Group's overall strategy remains unchanged from 31 March 2022.

41. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES (CONTINUED)

Management monitors capital based on a gearing ratio of less than one. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total liabilities (excluding income tax payable and deferred tax liabilities as shown in the statements of financial position), less cash and bank balances. Total capital is calculated as total equity as shown in the statements of financial position, plus net debt.

	Group		Company	
	2023 US$	2022 US$	2023 US$	2022 US$
Total liabilities	9,164,208	10,762,041	5,017,357	5,303,309
Less: Cash and bank balances	(151,289)	(632,038)	(820)	(1,131)
Net debt	9,012,919	10,130,003	5,016,537	5,302,178
Total equity	5,831,140	2,429,534	22,097,656	24,842,899
Total capital	14,844,059	12,559,537	27,114,193	30,145,077
Gearing ratio	0.61	0.81	0.19	0.18

The Group is in compliance with externally imposed capital requirements during the financial years ended 31 March 2023 and 2022.

42. EVENT SUBSEQUENT TO THE REPORTING DATE

Subsequent to 31 March 2023, the Group has successfully obtained short-term borrowings from various parties amounted to S$1,016,000 (approximately US$742,000).

STATISTICS OF SHAREHOLDINGS

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 JUNE 2023

Issued and fully paid-up capital	S$118,775,163
Total number of shares	3,242,032,092
Class of Shares	Ordinary
Treasury shares	Nil
Voting Rights (excluding treasury shares)	One Vote Per Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 JUNE 2023

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	31	0.73	1,810	0.0001
100 - 1,000	268	6.28	229,817	0.0071
1,001 - 10,000	1,201	28.12	7,079,402	0.2183
10,001 - 1,000,000	2,527	59.18	399,983,154	12.3374
1,000,001 and above	243	5.69	2,834,737,909	87.4371
Total	**4,270**	**100.00**	**3,242,032,092**	**100.0000**

As at 28 June 2023, the percentage of shareholdings held in the hands of the public was 79.57′% and Rule 723 of the Listing Manual is complied with.

20 LARGEST REGISTERED SHAREHOLDERS AS AT 28 JUNE 2023 AS SHOWN IN THE REGISTERS OF MEMBERS

No.	Name	No. of Shares	%
1	CITIBANK NOMS SPORE PTE LTD	211,106,020	6.51
2	ECONOMIC DEVELOPMENT INNOVATIONS SINGAPORE PTE LTD	196,700,000	6.07
3	WANG YU HUEI	160,399,700	4.95
4	UOB KAY HIAN PTE LTD	143,557,931	4.43
5	PAUL CLARK BURKE	137,726,406	4.25
6	DBS NOMINEES PTE LTD	124,497,462	3.84
7	PHILLIP SECURITIES PTE LTD	110,605,198	3.41
8	HSBC (SINGAPORE) NOMINEES PTE LTD	102,879,925	3.17
9	WONG KOON CHUE @ WONG KOON CHUA	76,697,000	2.37
10	YUEN WAI KHEONG	70,448,000	2.17
11	DBS VICKERS SECURITIES (S) PTE LTD	68,907,666	2.13
12	CREST CAPITAL ASIA PTE LTD	59,699,017	1.84
13	UNITED OVERSEAS BANK NOMINEES P L	52,098,217	1.61
14	RAFFLES NOMINEES(PTE) LIMITED	46,670,389	1.44
15	OOI KOK RIE	39,370,000	1.21
16	CHAN KUM LOK COLIN	37,490,000	1.16
17	TAN KHAI PANG	36,201,000	1.12
18	IFAST FINANCIAL PTE LTD	35,847,217	1.11
19	YONG QIAN HUI PHILINE (YANG QIANHUI)	34,343,300	1.06
20	GOH POH HENG	33,904,000	1.05
	Total	1,779,148,448	54.90

STATISTICS OF SHAREHOLDINGS

S$5,006,338 6% IN AGGREGATE PRINCIPAL AMOUNT OF CONVERTIBLE BONDS DUE 2027 OF ADDVALUE TECHNOLOGIES LTD

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	26	15.76	738	0.015
100 - 1,000	65	39.39	37,650	0.752
1,001 - 10,000	53	32.12	195,820	3.911
10,001 - 1,000,000	19	11.52	1,449,790	28.959
1,000,001 and above	2	1.21	3,322,340	66.363
Total	**165**	**100.00**	**5,006,338**	**100.000**

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN ORDINARY SHARES (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	Direct Interest		Deemed Interest		Total Shareholding Interest	
Name	**No. of Shares**	**(%)[1]**	**No. of Shares**	**(%)[1]**	**No. of Shares**	**(%)[1]**
Economic Development Innovations Singapore Pte. Ltd.	196,700,000	6.07	Nil	Nil	196,700,000	6.07
Mr. Wang Yu Huei	160,399,700	4.95	6,807,733[2]	0.21	167,207,433	5.16

Note:

(1) Percentages are based on the issued capital of the Company of 3,242,032,092 as at 28 June 2023.

(2) The deemed interest is held under Asdew Acquisitions Pte Ltd, an investment holding company whose major shareholder is Mr. Wang Yu Huei.

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BOUNDLESS CONNECTIVITY

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