

POWERMATIC DATA SYSTEMS LIMITED

(Company Registration No.: 198900414E)

(Incorporated in Singapore)

RESPONSE TO SGX-ST'S QUERY ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 MARCH 2021

The Board of Directors (the "**Board**") of Powermatic Data Systems (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the query raised by The Singapore Securities Exchange Trading Limited (the "**SGX-ST**") on the Annual Report for the financial year ended 31 March 2021 (the "**Annual Report 2021**") and wishes to provide further information as follows:-

SGX-ST's Query:

Listing Rule 1207(10C) requires the Audit Committee's comments on whether the internal audit function is independent, effective and adequately resourced. Please provide the information as required.

Company's response to SGX-ST's Query:

As stated on page 36 of the Annual Report 2021, the Company out-sources its internal audit function to Nexia TS, an international auditing firm, to review key business processes of the Company and its key subsidiaries.

Nexia TS is staffed with personnel with relevant qualifications and experience and takes reference from the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors when performing their reviews. The Audit Committee is satisfied that the internal auditors have adequate resources to perform its functions and have appropriate standing within the Group.

The internal audit function is to review key business processes of the Company and its material subsidiaries with the primary objective of identifying significant control issues that the Audit Committee and the Management should focus their attention on. Works performed by the Internal Auditor include cash and bank management, procurement and payable, inventory and warehouse management, human resource and payroll, IT general controls, cyber security audit and Enterprise Risk Management review.

The Audit Committee is of the view that the internal audit function is effective as it enables the Company to identify and address the risks relating to financial, operational, compliance and information technologies controls.

The Audit Committee confirms that none of the Audit Committee members has any interest in Nexia TS and that the internal auditor has unfettered access to all the company's documents, records, properties, personnel including the Audit Committee.

In the Audit Committee's view, the internal audit function is independent, effective and adequately resourced.

BY ORDER OF THE BOARD

Dr Chen Mun
Chairman/Chief Executive Officer

22 July 2021