RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The Board of Directors (the "**Board**") of Addvalue Technologies Ltd (the "**Company**") refers to the queries the Company received from the Singapore Exchange Regulation on 11 July 2024 on the audited financial statements for the financial year ended 31 March 2024 ("**FY2024**"), and append the Company's corresponding response as follows:

Query 1

Pursuant to Rule 1207(10C), the annual report must contain the Audit Committee's ("**AC**") comment on whether the internal audit ("**IA**") function is independent, effective and adequately resourced. We note that the Company had engaged In.Corp Business Advisory Pte Ltd as the internal auditors for the Group ("**IA**").

Please provide further details to substantiate the AC's comment regarding the IA function, including its size, experience and qualifications of the auditing firm and the engagement team.

Company's response

The Company had engaged In.Corp Business Advisory Pte Ltd ("**In.Corp**") as the internal auditors for the Group ("**IA**"). The AC noted that In.Corp is independent as no conditions being imposed on the internal audit activity to carry out internal audit responsibilities in an unbiased manner. The internal review by In.Corp is conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. Pursuant to Rule 1207(10C), the Audit Committee's ("**AC**") is satisfied that the internal audit ("**IA**") function is independent, effective and adequately resourced. Please see the details as follows:

i. The size of In.Corp's IA is 12 persons. The size of the IA engagement team servicing Addvalue Technologies Ltd is 4 persons.

ii. The IA Partner has more than 16 years of audit experience serving various Public Listed Companies, Ministries, Organs of State, Statutory Boards, Institutions of Higher Learning, Financial Institutions, Charities and Institutions of a Public Character and holds the following qualifications and professional memberships:
   - Certified Internal Auditor (IIA)

- Chartered Accountant, Singapore (ISCA)
- Certificate in Sustainability for Finance (ACCA)
- Bachelor of Accountancy (Nanyang Technological University)
- Masters of Science – Management (University College Dublin)
- Member, The Institute of Internal Auditors Singapore (IIA)
- Member, Institute of Singapore Chartered Accountants (ISCA)
- Member, Information Systems Audit and Control Association (ISACA)

iii. The IA team is led by Senior Managers/Managers who hold Certified Internal Auditor and Chartered Accountant (Singapore) qualifications and have 5 to 8 years of relevant audit experience and are members of the Institute of Internal Auditors Singapore (IIA). The IA team is also supported by Senior Associates with 3 to 4 years of relevant audit experience.

iv. The IA Partner and team serve as the Internal Audit Function for publicly listed companies in the following industries:
- Industrial and Commercial Services
- Transportation
- Manufacturing
- Construction and Engineering
- Food Services
- Healthcare
- Mineral Resources

v. The IA Partner has prior experience providing IA services to SGX-listed entities of similar industry and operations sizes as the Company.

vi. The standards applied by the IA comply with the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Query 2

Please provide explanations for the material variance in net cash used in financing activities from US$463,000 in the FY2024 unaudited financial statements to US$512,815 in the FY2024 annual report.

Company's response

A summary of the adjustments and explanatory note is set out below.

Consolidated Statement of Cash Flows for FY2024

	Group			
	Unaudited US$	Audited US$	Adjustments US$	Note
Net cash used in financing activities	463,033	512,815	(15,961)	1
			18,278	2
			47,465	3

Note 1

The amount of US$15,961 from repayment of borrowings in the "Net cash used in financing activities" reclassified to unrealised forex exchange in "Total Operating cash flows before movement in working capital".

Note 2

The amount of US$18,278 from purchase of property, plant and equipment in the "Net cash used in investing activities" reclassified to repayment of lease liabilities in "Net cash used in financing activities".

Note 3

The interest expense increased by US$47,465 in "Total Operating cash flows before movement in working capital" due to accrued interest after the prep for unaudited financial statements. The interest paid in the "Net cash used in financing activities" correspondingly adjusted.

As a result, the "Net cash used in financing activities" increased by US$49,782 from US$463,033 to US$512,815.

Query 3

It is disclosed on page 68 of the FY2024 annual report that "The ARC 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 and objectivity of the external auditors. "

Please clarify whether and how the Company has complied with Listing Rule 1207(6)(b) which requires the annual report to contain a "Confirmation by the audit committee that it has undertaken a review of all non-audit services provided by the auditors and they would not, in the audit committee's opinion, affect the independence of the auditors".

Company's response

The auditors, Forvis Mazars LLP (formerly known as Mazars LLP) (the "**Forvis Mazars**"), during the ARC meeting on 24 May 2024 where Forvis Mazars presented their findings in the Audit Completion Memorandum for FY2024 to the ARC. At the end of the update, the management stepped out of the meeting temporarily for the ARC to meet with Forvis Mazars, without the presence of management.

Forvis Mazars has confirmed to the ARC that the engagement team and others in Forvis Mazars as appropriate are independent of the Company and the Group in accordance with the ACRA Code. Forvis Mazars also confirmed that they fulfilled their ethical responsibilities in accordance with requirements relevant to their audit of the financial statements in Singapore and the ACRA Code.

In addition, Forvis Mazars confirmed that they are not aware of any relationships and other matters between Forvis Mazars and the Group that, in their professional judgment, may reasonably be thought to bear on our independence.

In the interest of good governance, Forvis Mazars summarised in a slide the nature of services that are rendered by them to the Company and the Group and their related fees. It showed that Forvis Mazars only performed audit-related services ("**ARS**") where the work involved is closely related to the work performed in the audit and usually carried out by the audit engagement team and there was no non-audit related fees charged for the FY2024.

Accordingly, the ARC after its review of the nature, extent of such services and objectivity of Forvis Mazars as the external auditors, was satisfied that they would not, in the audit committee's opinion, affect the independence of the auditors.

BY ORDER OF THE BOARD

Tan Khai Pang
Chief Executive Officer
12 July 2024