RESPONSE TO QUESTIONS IN CONNECTION WITH THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The Board of Directors (the "**Board**") of Addvalue Technologies Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") hereby enclosed the response of the Company to the questions raised by the shareholders of the Company (the "**Shareholders**") and the Securities Investors Association (Singapore) ("**SIAS**") in connection with the annual report of the Company for the financial year ended 31 March 2021 ("**FY2021**") released on 14 September 2021.

Some of the statements contained in the enclosed response constitute 'forward-looking statements' that do not directly or exclusively relate to historical facts. These forward-looking statements reflect the Company's current intentions, plans, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the control of the Company and may affect the extent of the realization of the Company's prevailing indicative orders for the financial year ending 31 March 2022 and beyond. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and factors such as general economic and business conditions, including the uncertainties arising from the current ongoing trade war and stand-off between US and China; continued concerns of the scale of the possible adverse fallouts and their implications on the global scene triggered by the prevailing global Covid-19 pandemic as well as other political and economic issues confronting the world; deflationary pressures and undue currency movements; change in technology; delay in signing, commencement, implementation and performance of programs, or the delivery of products or services under them or the implementation of improved airtime package by the satellite operators. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Chairman & CEO
27 September 2021

S/N	Enquirer	Question	The Company's Response on 27 September 2021
1	Lo Tak Meng, a Shareholder	1. The Company is skipping from one financing episode to another. The Board and Management have done an extremely poor job in avoiding such stress. How could the Board have sanctioned a rights issue without underwriting? Such episodes consume management time and create much uncertainty for investors who believe in you. The Board should explore M&A possibilities a lot more actively. I believe the Company is worth a lot more to someone who understands its potential. Time is running out.	The Group, being a people oriented and technology-based (rather than a tangible asset-based) company, is acutely aware that the intrinsic values of its intangibles have not (for the many past years) and are not meaningfully reflected in the trading prices of the shares of the Company. The Board believes the poor showing of the share price performance of the Company was due largely to: 1. the market's inability to better comprehend the complex economic potentials availed by the relatively technologically advanced intangibles developed by the Group; and 2. the market's tilted weight on the short-term bottom-line performance of the Group, which pre-necessitates the Group to undergo certain gestation periods prior to the delivery of the bottom-line and, to certain extent, also hinges on the success of the Company's fund-raising efforts. Amidst the challenging fund-raising environment faced by the Company aggravated by the Covid-19 pandemic situation then and in response to the past repeated requests by the Shareholders for participation in the Company's fund-raising efforts, the rights issue was eventually carried out by the Company on a non-underwritten basis. The Board shares the sentiments that the Group is worth a lot more had its unearthed potentials been better understood and appreciated by the market. In this regard, the Company continues with its lookout for possible new avenues

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			and discussions with possible interested partners to unlock the potentials of the Group in enhancing the Shareholders' value, including but not limited to exploring potential new businesses, joint ventures, mergers, acquisitions, purchase or sale of assets. The Company would like to highlight that the said ongoing discussions are at various preliminary stages of negotiation, and there is no certainty that the Company will eventually proceed with one or more of them. More details about any of such potential ventures will be announced by the Company as and when there is any material development concerning which.
		2. At the appropriate time, the Company should consider share consolidation. Given the current share price, the bid-offer spread results in high transaction costs for investors. I would suggest 100 to 1 consolidation.	The Board had considered the consolidation of the shares of the Company. It had decided against it after learning that many of the companies listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") which had carried out such a share consolidation exercise had saw a significant amount of their respective market capitalizations 'evaporated away' over time for no apparent fundamental reason.
2	Lee Chong Meng, a Shareholder	1. Pg 106 of Annual Report, has convertible loan note 1 which matured on 6 Sept 2021 been redeemed?	The said convertible loan note will be redeemed from the S$8.5 million loan proceeds as mentioned in Note 43 on page 134 of the Company's annual report for the financial year ended 31 March 2021 (the "**2021 Annual Report**").

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		2. How do Addvalue intend to use the $8.5 million loan (pg 134)?	Proceeds from the S$8.5 million loan will be utilised to repay certain loans of the Group and for business expansion purposes.
		3. Will Addvalue consider providing a quarterly update of your balance sheet, especially pertaining to debt and cash?	The Company will provide periodic updates on the financials of the Group in accordance with the applicable regulatory requirements, including those prescribed by the listing manual of the SGX-ST (the "**Listing Manual**").
		4. When will this incessant raising of new debt to pay off old debt end?	The Company is currently in discussion with potential investors for an equity funding to reduce the gearing of the Group and for business expansion. Such discussions are at various stages of negotiation, and there can be no assurance of their eventual realization.
3	David Gerald (SIAS), a non-Shareholder	1. In the operations review, the company highlighted the operational milestones in different areas, which include (pages 12 to 15 of the annual report): • Inter-satellite Data Relay System (IDRS) • Reconfigurable Embedded Systems (RES)	

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		• Integrated Products and Services (IPS) • Design services In spite of the operational milestones, revenue for the group decreased from US$9.6 million in FY2020 to US$2.68 million in FY2021. Loss for the year was US$(6.18) million while accumulated losses have increased to US$(75.1) million (page 56 – Statements of financial position). As at 31 March 2021, the group had cash and cash equivalent of US$274,099. The independent auditors have included a material uncertainty related to going concern in their report on the audit of financial statements for the financial year ended 31 March 2021 (page 48). As noted	

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		in their report, the group reported net current liabilities of US$(825,282), a net loss of US$(6,175,227) and net operating cash outflows of US$(2,790,305) during the financial year. In the message to shareholders, the chairman noted his optimism that the group's investment into IDRS-related business is "ready for harvest". The chairman further added that, based on the satellite constellation launching plans of the group's existing IDRS customers, the group is on the trajectory to substantially turn its IDRS-related business into a profitable and recurring one for the group within the foreseeable future (page 7).	
		(i) can management elaborate further on the low hanging	Please refer to the 'Looking Forward' section of the Chairman's Statement on page 8 of the 2021 Annual Report. Wherein it was mentioned that the

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		fruits in the next 12-18 months that would lead to revenue and cash in-flow to allow the group to strengthen its financial position?	Group currently has a total sales order book of more than US$5.4 million. Barring any unforeseen circumstances, a substantial amount of the stated book order is expected to be fulfilled during the financial year ending 31 March 2022.
		(ii) What are the salient payment terms and the performance obligations of the existing IDRS orders?	While the Group is constrained from disclosing publicly the payment terms and its performance obligations in connection with its existing IDRS orders due to reasons of commercial sensitivity and confidentiality, the Company would like to assure the Shareholders that the Group's exposure in this regard is controlled as one of its standard feature payment terms, among others, provides for a progressive payment schedule based on milestone delivery so as to limit and control the Group's exposure.
		(iii) Please provide shareholders with greater clarity on the deployment schedule of the more than 170 orders (page 7). In particular, how many IDRS terminals are to be supplied to its customers in FY2021 and in FY2022? Can	The deployment schedule varies from customers to customers and is dependent on their respect constellation rollout plans which typically is over a 3-year cycle to reach full deployment, and thereafter the cycle will repeat with replacement satellites. Such replacement of satellite terminals placed the Group in a better position to predict the reordering pattern of the IDRS terminals and enhance the business model of the Group in making it less affected by the one-off sales of its products. Based on confirmed orders, the Group currently has 18 satellite terminals to be delivered to its customers over the next 12 months, and it also

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		management help shareholders understand the bottlenecks, if any, in the manufacturing of the IDRS terminals?	expects more orders from new and existing customers to be received over the next 12 months. The supply bottlenecks are usually dictated by the lead time in material procurement and production. While "Build-to-Order" is a default policy, the Group constantly reviews and adaptively adjusts its material acquisition and production plans to meet the external changing conditions so as to maximize its capacity to fulfil every sale opportunity within a typical delivery term of 6-10 months.
		(iv) Other than the existing IDRS customers such as Capella Space Inc and Analytical Space Inc, please identify potential customers or to provide shareholders with the profiles of potential customers? How will the group be acquiring new customers to crystallise the value of the group's investment into IDRS?	As mentioned by the Company many times in the relevant announcements and press releases* it made in the past, the Company would like to reiterate that Group is constrained by Non-Disclosure Agreements which it signed from revealing the identity of its customers and potential customers. The Company will publicly disclose the identities of the relevant customers once it is relieved of such non-disclosure obligations. **Do note that a press release, unlike an announcement which is mandated to be released under the Listing Manual, is made by the Company to inform, promote and/or update any material development concerning its business activities or products, sometimes released at the request of the collaborating partner concerned. The release of press releases is part of the Company's Corporate Governance processes, where it strives to engage the Shareholders and investors on the latest news and business developments concerning the Group.*

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			Our IDRS solution is currently the only commercial service available in the world that provides low latency, on-demand, ubiquitous, and IP based data connection solutions for any LEO satellite operator or ground station service operator providing space-based data services covering Earth Observation, remote sensing, IOT, special scientific missions and some government operations. This space-based data provisioning industry, growing at an exponential rate, comprised: 1. the industry behemoths such as Airbus, Deimos Space, Honeywell, Maxar, Planet Lab, Thales Alenia Space, Amazon Web Services (AWS), Microsoft; the national space agencies such as CNES (French Space Agency), European Space Agency (ESA), National Aeronautics and Space Administration (NASA); and 2. a host of new space aspirants such as Analytical Space, Antwerp Space, BlackSky, Capella Space, Loft Orbital, Orbital Sidekick, Rocket Lab, Sateliot, and Synspective, just to name a few. The Group is naturally addressing this global space-based data provisioning market with emphasis on the more dynamic ones in North America, Asia Pacific and Europe. We have representations in the UK and the US to cover Europe and the US regions while the local office here in Singapore covers the Asia Pacific regions. As at the date hereof, we have a

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			pipeline of more than 40 potential customers from the said industry with an aggregate total of more than 700 satellites in their constellation plans to be launched, and we are certainly planning to expand our business development and marketing team to maximize the market engagement.
		2. The financial performance of FY2020 was boosted by recognising US$6.0 million in one-off licensing income. This boosted revenue and profit to US$9.6 million and US$1.8 million in FY2020 respectively. The "valuation of trade receivables" is a key audit matter highlighted by the independent auditors (page 51). Key audit matters are those matters that, in the professional judgement of the independent auditors, were of most significance in the audit of the financial statements of the current period.	

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		It was disclosed that, at the option of the customer (Cloud Constellation Corporation Inc ("**CCC**")), the license fee can be fully settled in cash or through the issuance of new shares to the group. The said customer issued a trust deed to the group stating that its intention to issue shares to the group on 17 August 2020, and further extended the deadline for the transfer of shares to 31 December 2021 on 29 September 2020.	
		(i) Can management help shareholders understand the financial position of the said customer?	CCC, a start-up company established in the US, is the world's first cloud infrastructure and data storage service based entirely in space. It has revolutionized the way data can be securely transferred and stored by using its patented SpaceBelt architecture utilizing GEO partners' satellites between the customer's enterprise locations and the SpaceBelt LEO network. This provides the strongest security possible by offering global isolation from the terrestrial infrastructure of an enterprise or government organization's high value, highly sensitive, mission-critical data assets. CCC's customers include but are not limited to IBM and

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			World Food Chain. It is currently in a midst of carrying out a fund-raising exercise (the "**CCC Fund Raising**") while exploring the feasibility of a public listing, directly or indirectly, on a recognized stock exchange (the "**Planned Listing of CCC**").
		(ii) What were the deliberations by the board to give the customer the option to settle the US$6.0 million licensing fee with new shares? Given the financial position of the group, did the board not consider that the payment of the US$6.0 million in cash would improve the group's liquidity and financial position? Did the board pre-approve the terms of the transaction with CCC?	In view of the Planned Listing of CCC and its upside potentials for share price appreciation, the Board decided to give CCC the option to settle the US$6.0 million licensing fee (the "**Licensing Fee**") in cash or with new shares of CCC. Do note that the Licensing Fee, in exchange for the new shares of CCC, relates to the monetization of a sunk cost (already incurred by the Group) via the grant of the use of certain intellectual properties developed by the Group on a non-exclusive basis.
		(iii) What is causing the delay for the settlement of the US$6.0 million one-off licensing fee?	The deferred settlement was principally due to the delay in the closure of the CCC Fund Raising. There is no compensation due to the Company as CCC has opted to pay the Company in its new shares (in lieu of cash).

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		Is the group being compensated for the delay?	
		(iv) Why did management agree to a 2-year moratorium of the new shares to be issued to the group?	The 2-year moratorium is a condition imposed by CCC so as not to adversely impact its CCC Fund Raising.
		3. As noted on page 94 (Note 13 – Subsidiaries), the company entered into a conditional sale and purchase agreement ("**CSPA**") in March 2014 with a PRC entity to dispose of its wholly-owned subsidiary, Addvalue Communications Pte Ltd ("**AVC**") for a total disposal consideration of $330 million. As at 17 September 2021, the total market capitalisation of the company is approximately $27 million.	Please refer to the announcements made by the Company on 25 March 2014 (with ensuring status updates provided in each of the subsequent quarterly results announcements of the Group, the last one being made on 17 August 2017 in conjunction with the financial results of the Group for the first financial quarter ended 30 June 2017 (collectively, the "**Announcements**")) for an account of the unfolding of the proposed disposal of the Company's wholly-owned subsidiary, AVC (the "**Pending Disposal**"). The Pending Disposal, though lapsed in 2017 as disclosed in the last of the Announcements, was formally terminated on 27 August 2020 and availed in the public domain via the disclosure in the annual report of the Company for the financial year ended 31 March 2020 (the "**2020 Annual Report**") for the proper upkeep of records. Kindly note that the Announcements had been relayed to the Shareholders promptly as and when there was any material development concerning the Pending Disposal.

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		The offer for AVC was reaffirmed in July 2016 with the consideration revised to $308 million. In October 2016, the company updated that the targeted completion date would be further delayed and subsequently informed that the completion date remained fluid and cannot be determined with certainty. The company terminated the CSPA on 27 August 2020.	
		(i) Did the company make an announcement on SGXNet that the CSPA was terminated on 27 August 2020? If not, why not?	
		(ii) What were the efforts by the company to negotiate and to complete the sale of AVC for	

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		$308 million in the past 3 years?	
		(iii) What were the reasons for the termination of the CSPA in August 2020? Did the buyer demonstrate good faith in trying to fulfil the conditions precedent?	The inability of the buyer for the Pending Disposal to make the necessary remittance in accordance with the terms and conditions of the CSPA despite the several compromises made by the Company over an extended period of time is the main reason for the termination. To the best of its knowledge, the Board believes the buyer concerned did demonstrate good faith in trying to fulfil the conditions precedent.
		(iv) Would the board, especially the independent directors, be reviewing the proposed spin-off, starting with the CSPA that was signed in April 2014 to the termination of the CSPA in August 2020, to verify that there has been timely disclosure of material information to allow the operation of a fair, orderly and transparent market?	The Announcements verified that there has been timely disclosure of material information to allow the operation of a fair, orderly, and transparent market.

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		(v) Similarly, a proposed placement to Rain Asia Pacific Pte Ltd did not materialise. The proposed placement of 266.66 million shares at an issue price of $0.0225 per share would have raised an aggregate of $6.0 million. **Can the independent directors help shareholders understand their level of involvement in the major corporate actions of the group? Has the board reviewed if management has the necessary expertise to negotiate and successfully conclude the group's corporate actions? Has management been selective and did they carefully assess the financial strength of the**	All key corporate activities and strategies, including the Company's proposed placement with Rain Asia Pacific Pte Ltd, were presented, discussed, and deliberated at the Company's regular board meetings attended by all the Directors, including the Independent Directors. The Board has no reason to doubt the expertise of the management, which has more than 25 years of experience in the conduct of fund-raising exercises with a track record of a very high success rate, to conduct due diligence, negotiate and, barring factors beyond its control, successfully conclude the Group's corporate actions.

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		counterparties in its corporate actions?	
4	Wee Kai Yong, a Shareholder	1. In respect of the design contract with Cloud Constellation Corporation secured in January 2021, how much revenue was recognised for financial year ended 31 March 2021 and is expected to be recognised in financial year ended 31 March 2022?	The Group expects to commence the design contract only after the completion of a feasibility study to be jointly carried out by the Company and CCC and the completion of the CCC Fund Raising which, barring any unforeseen circumstance, is expected to be in place by the end of 2021.
		2. How many IDRS terminals are scheduled to be launched into space and commercially commissioned in the second half of financial year ended 31 March 2022?	Based on confirmed orders, the Group is committed to deliver 18 satellite terminals within the next 12 months. How many of such units will get launched into space within the next 12 months will be determined by our customers and their launching partners in accordance with their respective rollout plans. Currently, there are 5 satellites in the orbit, embedded with our satellite terminals, generating recurring airtime revenue. Barring any unforeseen delay, the next launch of satellites embedded with our IDRS terminal is scheduled for early December 2021.