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## RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST HALF FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 IN RESPECT OF THE FINANCIAL YEAR ENDING 31 MARCH 2023

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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 5 December 2022 on the Company’s unaudited interim financial statements for the first half financial period ended 30 September 2022 in respect of the financial year ending 31 March 2023 (“**FY2023**”), and append the Company’s corresponding response as follows:

### **Query 1**

Given the Group’s significant short term liabilities of US\$5,998,000 and cash and bank balance of only \$955,000 and noting that the Group incurred losses of US\$1,005,000 for the first half of FY2023, please disclose the Board’s assessment on (i) whether the Group’s current assets are adequate to meet the Group’s short term liabilities of US\$5,998,000, including its bases of assessment; and (ii) how the Group intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

### **Company’s response**

The Board is of the view that the Group will be able to fulfil its significant payment obligations in the next 12 months and that the Company is on track to fulfilling these obligations base on the following:

- (i) Out of the current liabilities of US\$5,998,000, included in the borrowings were the undertaking shareholders’ loans amounted to US\$2.48 million for the Proposed Renounceable Non-underwritten Rights Issue of Discounted and Redeemable Convertible Bonds (“RCB”), which has been reclassified to Long term debt consequent to the completion and issuance of the RCB on 8 November 2022 while the amount reflected as Contract liabilities of US\$1.6 million are advances and deposits from customers for progressive payments on orders received and will be offset on delivery of the finished products. Accordingly, the actual current liabilities payable as at 30 September 2022 is only US\$1,886,000.

- (ii) We also have Inventories and Trade receivables which will be converted to cash upon delivery and collections from customers to cover any significant payment obligations.
- (iii) As mentioned in Note E item 2-Basis of preparation (page 8) and item 11.1-Subsequent Events after 30 September 2022 (page 13), the Company has completed the Proposed RCB exercise on 8 November 2022 and received a total proceed of US\$3.30 million.

## **Query 2**

Please disclose the factors contributing to the growth momentum in both the SPC and ADR business segments for the financial period ended 30 September 2022.

### **Company's response**

As disclosed in Note E item 4.2 - Segment and Business information by Revenue Streams, there is revenue growth of about 111% and 105% in the SPC and ADR business segment respectively and we expect this growth momentum to continue in the next 12 months based on our current outstanding book orders received of US\$6.6 million (of which about US\$2.7 million is from SPC business and US\$3.9 million is from ADR business) which will be substantially fulfilled in the current financial year (as disclosed in Note F item 6 on page 21). The main factors contributing to the growth momentum in both our IDRS and ADR business segments are:

- i) increase in sales and marketing activities
- ii) continual interest from more potential customers
- iii) repeat orders from existing customers
- iv) growing global awareness of our IDRS and ADR product and service offerings

## **BY ORDER OF THE BOARD**

Dr Colin Chan Kum Lok  
Executive Chairman  
8 December 2022