

RESPONSES TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Board of Directors of SMI Vantage Limited (the “Company”) and together with its subsidiaries (the “Group”) refers to the Company’s announcement on 14 July 2023, titled “Annual Reports and Related Documents” (the “Announcement”).

The Board wishes to provide its responses to the following questions raised by the Singapore Exchange Securities Trading Limited (the “SGX-ST”):-

SGX-ST Query

It is disclosed in the Company’s annual report that, “In view of the very limited business activities in both Singapore and Myanmar, the internal audit function for FY2023 was carried out by the Management to save cost. The AC reviewed the adequacy of the internal audit function carried out by management on a regular basis. The AC is of the opinion that the internal audit function for the year under review was adequately resourced and had appropriate independent standing within the Company.”.

- a. Listing Rule 719(3) states that an issuer must establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits. Taking into consideration that the internal audit function was carried out by the management, please explain how the internal audit function is effective and independent.
- b. Listing Rule 1207(10C) requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. Please provide information on whether the head of the internal audit function team has the relevant experience and qualifications. Please also clarify whether and how the Company has complied with Listing Rule 1207(10C) regarding the effectiveness of the internal audit function.

Company’s Response:

- a. For FY2023, the internal audit function was led by an internal staff member, who is certified with the Association of Chartered Certified Accountants (“ACCA”) and has 10 years of experience in accounting. For the Internal Audit function, the internal staff member reports directly to the lead Independent Director, chairing the Audit Committee (“AC”), and to the AC, thus ensuring the function’s independence.

As disclosed in the Company’s annual report, there were very limited business activities in both Singapore and Myanmar during FY2023, and the internal audit was focused on the two major revenue streams which accounted for approximately 89% of the Company’s consolidated revenue. The head of the internal audit team is not responsible or involved in the accounting of the two major revenue streams that were reviewed.

The AC is satisfied that the Internal Audit function is effective and independent for FY2023.

SMI VANTAGE LIMITED
(Registration No. 200505764Z)
(Incorporated in Singapore)

During the course of the financial year FY23, the AC and the Board have discussed during scheduled Board meetings the need to equip the company with an outsourced Independent Auditor function in FY24, as the Company's businesses is projected to grow. The Company is in discussion with several firms to outsource the Internal Audit function for the current Financial Year, FY2024, and the AC intends to engage an Internal Auditor firm within Q2 FY2024.

- b. As disclosed above, the head of internal audit team is certified with the Association of Chartered Certified Accountants (ACCA) and have 10 years of experience in accounting, and reports directly to the lead Independent Director, chairing the Audit Committee, and to the AC.

As disclosed in the Company's annual report and above, there were very limited business activities in both Singapore and Myanmar during FY2023, and the internal audit was focused on the two major revenue streams which accounted for approximately 89% of the Company's consolidated revenue. The head of the internal audit team is not responsible or involved in the accounting of the two major revenue streams that were reviewed.

The AC is of the view that the Company has compiled with Listing Rule 1207(10C), and that the internal audit function was independent, effective, and adequately resourced considering the Company's limited business activities in FY2023.

During the course of the financial year FY23, the AC and the Board have discussed during scheduled Board meetings the need to equip the company with an outsourced Independent Auditor function in FY24, as the Company's businesses is projected to grow. The Company is in discussion with several firms to outsource the Internal Audit function for the current Financial Year, FY2024, and the AC intends to engage an Internal Auditor firm within Q2 FY2024.

By Order of the Board

Mark Francis Bedingham
Executive Director, President and CEO
22 August 2023