

ANWELL TECHNOLOGIES LIMITED (REG NO. 200308707W)

Updates on Investigation and Related Matters

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as in the Company's announcements dated 13 August 2013, 15 August 2013, 23 August 2013, 10 September 2013, 31 October 2013, 19 November 2013, 14 January 2014, 28 February 2014, 5 March 2014, 4 April 2014, 14 May 2014, 16 June 2014, 18 June 2014, 26 June 2014, 27 June 2014, 11 July 2014 and 14 July 2014 (the "Announcements").

Background

1. As announced previously, some of the Group's executives including the Executive Directors of the Company and the Group Financial Controller (the "**Executives**") were assisting with the Investigation conducted by the Public Security Bureau of Dongguan (东莞市公安局) of the PRC.
2. The Public Security Bureau of Dongguan had twice submitted their case and findings arising from such Investigation to the Dongguan Municipal People's Procuratorate (东莞市人民检察院) (i.e. the local attorney-general's office/ public prosecutor) but the latter had twice directed that the case be returned to the Public Security Bureau for further investigations as the Dongguan Municipal People's Procuratorate were of the view that there was insufficient evidence for any charges to be made against the Executives.
3. The Public Security Bureau re-submitted the case in early June 2014 for review by the Dongguan Municipal People's Procuratorate and for the latter to conclusively decide if it would press charges against the Executives or release the Executives without any charges.
4. Further thereto, the Company would like to provide shareholders with the updates set out below.

No charges against Fan Kai Leung (Executive Chairman and Chief Executive Officer), Wu Wai Kin (Executive Director and Chief Financial Officer) and Kwong Chi Kit, Victor (Group Financial Controller) as per the decision of the Dongguan Municipal People's Procuratorate

5. According to the findings of the Dongguan Municipal People's Procuratorate, the Investigation relates to the capital injection into Dongguan Sungen Solar Co., Limited (东莞展真光伏有限公司) ("**Dongguan Sungen**") by Dongguan Anwell Digital Machinery Co., Ltd. (东莞宏威数码机械有限公司) ("**Dongguan Anwell**") for the purpose of building the Group's thin film solar production plant in Dongguan.
6. In July 2011, Dongguan Anwell, Dongguan Sungen and the relevant local Dongguan governmental authority signed a joint investment agreement for capital injection into Dongguan Sungen ("**Investment Agreement**"). The said capital injection was for the development of the Group's thin film solar production plant in Dongguan ("**Production Plant Project**").
7. Under the Investment Agreement, the Dongguan municipal government will contribute RMB 500 million to the working capital of Dongguan Sungen. As an obligation under the Investment Agreement, Dongguan Anwell will have to contribute RMB1.6 billion to the working capital of Dongguan Sungen by September 2011.
8. In further support of the Production Plant Project, the Dongguan municipal government injected another RMB700 million into Dongguan Anwell in exchange for a 19.5% of shareholding interests in Dongguan Anwell. At the end of five years after the said capital injection, the Dongguan municipal government has the option to sell its shares back to Anwell at cost plus interest. The RMB700 million was intended to assist Dongguan Anwell in fulfilling their obligations to contribute to the working capital of Dongguan Sungen under the Investment Agreement.

9. The Public Security Bureau of Dongguan has alleged that through a series of fictitious transactions including pre-payments for services and products provided and product sales agreements, Dongguan Sungen made a series of payments to Dongguan Anwell out of the aforesaid RMB700 million funds and other working capital of Dongguan Sungen. The funds so paid to Dongguan Anwell were then used by the latter as its capital injection into Dongguan Sungen on three separate occasions for an aggregate amount of approximately RMB1.6 billion. Through such round-tripping of funds, Dongguan Anwell fulfilled its aforesaid capital injection obligation into Dongguan Sungen.
10. Notwithstanding the aforesaid allegations of the Public Security Bureau of Dongguan, based on the factual findings, documentary evidence, expert opinion and various witnesses' testimonies, the Dongguan Municipal People's Procuratorate ruled that the actions of Fan Kai Leung, Wu Wai Kin and Victor Kwong do not constitute an offence under the relevant laws and that it will not commence any legal proceedings against each of them.
11. Although the three Executives were subsequently released by the Public Security Bureau of Dongguan arising from the aforesaid decision of the Dongguan Municipal People's Procuratorate, they were promptly detained again to assist the Public Security Bureau of Dongguan in further investigations.
12. As at the date of this announcement, the Company does not have any details as to such new investigations. The Company's PRC lawyers are in the process of procuring more information in this regard and will keep shareholders informed should there be any further material information made available to the Company.

Charges against Dongguan Anwell, Liu Hui Sen (Executive Director and Chief Operating Officer of the Company and Legal Representative and General Manager of Dongguan Anwell), Sun Man Long (Assistant General Manager, Dongguan Anwell) and Xing Fu Fang (Finance Manager, Dongguan Anwell)

13. Pursuant to the submissions of the Public Security Bureau of Dongguan, the Dongguan Municipal People's Procuratorate has concluded its review of another aspect of the Investigation and has charged each of Dongguan Anwell, Liu Hui Sen, Sun Man Long and Xing Fu Fang for fraud under the relevant laws of the PRC.
14. The aforesaid charges relate to an agreement signed between Dongguan Anwell and the relevant authority of the Guangdong government in September 2008 ("**Financial Support Agreement**"), in connection with the grant of financial support for the development by Dongguan Anwell ("**Grant**") of a showcase production line for OLED display panels ("**Development Project**").
15. Pursuant to the Financial Support Agreement, it was estimated that the Development Project would require approximately RMB620 million of working capital. It was agreed that relevant authority of the Guangdong Province would contribute RMB150 million in cash, the Finance Bureau of Dongguan another RMB150 million in cash and Dongguan Anwell would contribute the remaining RMB320 million via cash and assets injection. All funds injected shall be used for purposes of the Development Project and Dongguan Anwell was to regularly account for the utilization of funds.
16. The local governments disbursed the Grants in two tranches and completed the same by end of March 2010.
17. Pursuant to the submissions of the Public Security Bureau of Dongguan, the Dongguan Municipal People's Procuratorate has alleged that Dongguan Anwell falsified its contribution of the aforesaid RMB320 million capital injection, by way of (i) fictitious and misrepresentation of raw material purchases and investments in machinery and equipment and related infrastructure, (ii) replication of research and development and other costs, (iii) as well as inclusion of costs arising from projects unrelated to the Development Projects.

18. The Dongguan Municipal People's Procuratorate will in due course commence legal proceedings against Dongguan Anwell and the aforesaid Executives.
19. The PRC lawyers have advised that if found guilty, the aforesaid Executives may be sentenced to jail for a period between 10 years to life imprisonment and/or fine and/or confiscation of property; Dongguan Anwell may be fined and/or have its property confiscated.
20. Further to preliminary discussions with the PRC lawyers, the Company intends to vigorously defend the charges against Dongguan Anwell and the three aforesaid Executives.
21. The Company will continue to closely monitor the development of the aforesaid matters, especially with regards to the new investigations against Fan Kai Leung, Wu Wai Kin and Kwong Chi Kit Victor, and will keep shareholders informed of any progress and development should there be any further material information relating to such investigation be available to the Company.

Trading in the shares of the Company on the SGX-ST has been suspended from 9 a.m. on 14 August 2013 and will remain suspended until further notice.

BY ORDER OF THE BOARD

Chan Kun Shuin

Lead Independent Director

Audit Committee Chairman

23 July 2014