

**MATERIAL NON-CASH AUDIT ADJUSTMENTS BY MAZARS LLP (THE “EXTERNAL AUDITORS”) IN RESPECT OF THE FINANCIAL RESULTS OF ADDVALUE TECHNOLOGIES LTD (THE “COMPANY”) AND ITS SUBSIDIARIES (THE “GROUP”) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018 (“FY2018”) AS ANNOUNCED BY THE COMPANY ON 30 MAY 2018 (THE “ANNOUNCEMENT”) (THE “NON-CASH AUDIT ADJUSTMENTS”)**

The Board of Directors of the Company (the “Board”) would like to inform that, following the audit carried out by the External Auditors subsequent to the Announcement made in respect of the unaudited financial results of the Group for FY2018 (the “Announced Results”), the External Auditors had proposed the Non-Cash Audit Adjustments which had been agreed to and accepted by the Board.

The affected sections of the financial statements on the financial performance and position of the Group and the Company for FY2018, based on the Announced Results and subsequent to the Non-Cash Audit Adjustments (the “Post Audit Adjustment Results”), are tabulated as follows:

In respect of the Consolidated Statement of Comprehensive Income of the Group for FY2018

	Post Audit Adjustment Results	Based on the Announced Results	Change		Note
	US\$'000	US\$'000	US\$'000	%	
Revenue	4,086	4,086	-	-	-
Loss before tax	(10,890)	(10,890)	-	-	-
Taxation	(1,895)	(249)	1,646	661.0	1
Loss after tax	(12,785)	(11,139)	1,646	14.8	1
Total comprehensive loss	(12,756)	(11,110)	1,646	14.8	1
Loss per share :					
- Basic (US cents)	(0.73)	(0.64)			2
- Diluted (US cents)	(0.70)	(0.64)			2

In respect of the Consolidated Statement of Financial Position of the Group for FY2018

	Post Audit Adjustment Results	Based on the Announced Results	Change		Note
	US\$'000	US\$'000	US\$'000	%	
Non-current liabilities					
-Deferred tax liabilities	1,646	-	1,646	100	1
Total liabilities	6,814	5,168	1,646	31.8	1
Accumulated losses	(66,623)	(64,977)	1,646	2.5	1
Total equity/Net assets	7,476	9,122	1,646	18.0	1
Net asset value per share	0.42	0.52			3

**Notes:**

- Attributed principally to further adjustments relating to the write-down of the deferred tax assets of certain subsidiaries of the Group in view of the lower than previously projected future economic benefits to be generated by the commercial exploitation of products, applications and processes that are developed by these entities. However, this write down has given rise to the deferred tax liabilities, attributed to the timing differences on development expenses claimed under the income tax computations of about US\$1.6 million which need to be recognized in the FY2018 but was erroneously omitted from the Announced Results (the “Deferred Tax Audit Adjustment”). Based on the Announced Results, the Deferred Tax Audit Adjustment has resulted in the increase in the loss after tax by US\$1.6 million or 14.8% from US\$11.1 million to US\$12.8 million and has also increased the Non-current liabilities, Total liabilities and Accumulated losses by the same amount and decreased the Total equity/Net assets by 18% from US\$9.1 million to US\$7.5 million.
- As a result of the Deferred Tax Audit Adjustment, relative to the Announced Results, the basic loss per share of the Company worsened from US cents 0.64 to US cents 0.73 while the diluted loss per share of the Company

worsened from US cents 0.64 to US cents 0.70 in part also due to the inclusion of the effect of dilutive potential ordinary shares arising from Convertible Loan Notes of the Company issued on 31 May 2017 on the weighted average number of shares.

3. As a result of the reduced net assets/total equity due to the Deferred Tax Audit Adjustment, the net asset value per share of the Company as at 31 March 2018 reduced from US cents 0.52 to US cents 0.42.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok  
Chairman & CEO

7 July 2018