

Prepared on: 11/10/22

RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO S\$6,484,064 IN AGGREGATE PRINCIPAL AMOUNT OF 6.0 PER CENT. REDEEMABLE CONVERTIBLE BONDS CONVERTIBLE INTO NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY IN THE DENOMINATION OF S\$1.00 EACH AND INTEGRAL MULTIPLES THEREOF, AT AN ISSUE PRICE OF S\$0.931 PER CONVERTIBLE BOND, ON THE BASIS OF ONE (1) CONVERTIBLE BOND FOR EVERY FIVE HUNDRED (500) EXISTING SHARES HELD BY ENTITLED SHAREHOLDERS AS AT THE RECORD DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

Prior to making a decision to purchase the Convertible Bonds, you should carefully consider all the information contained in the Offer Information Statement dated 11 October 2022 (the "OIS"). This Product Highlights Sheet should be read in conjunction with the OIS. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should consider whether an investment in the Convertible Bonds is suitable for you, taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Convertible Bonds, you should consult your legal, financial, tax or other professional adviser.

Unless otherwise defined herein or the context requires otherwise, all capitalised terms used in this Product Highlights Sheet shall bear the same meanings ascribed to them in the OIS.

This Product Highlights Sheet is an important document.

- **It highlights the key information and risks relating to the offer of the Convertible Bonds contained in the OIS. It complements the OIS¹.**
- **You should not purchase the Securities if you do not understand the nature of an investment in convertible securities, our business or are not comfortable with the accompanying risks.**
- **If you wish to purchase the Convertible Bonds, you will need to make an application in the manner set out in the OIS. If you do not have a copy of the OIS, please contact us to ask for one.**

¹ The OIS, lodged with the Monetary Authority of Singapore on 11 October 2022, is available on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <https://www.addvaluetech.com/rights-issue>.

Issuer and Guarantor (if applicable)	Addvalue Technologies Ltd	Place of incorporation	Singapore
Issue Price and denomination of the Securities	<p>93.1 per cent. (93.1%) of the principal amount of the Convertible Bonds, or S\$0.931 for each S\$1.00 in principal amount of the Convertible Bonds.</p> <p>The Convertible Bonds will be issued in registered form and in the denomination of S\$1.00 each and integral multiples thereof.</p>	Total amount to be raised in this offer	<ul style="list-style-type: none"> Gross proceeds – up to S\$6 million (after taking into account the discount of 6.9% to Issue Price). Net proceeds – up to S\$5.6 million (after deducting estimated professional fees and expenses and taking into account the discount of 6.9% to Issue Price).
Description of the Convertible Bonds	<p>Up to S\$6,484,064 in aggregate principal amount of Convertible Bonds.</p> <p>The Convertible Bonds shall bear interest at the rate of 6% per annum on its outstanding principal amount from (and including) the Issue Date. Interest is payable semi-annually in arrears commencing on the date falling 6 months from the Issue Date and every 6 months thereafter. The Convertible Bonds are expected to be issued on 4 November 2022 (the “Issue Date”) and mature 5 years from the Issue Date (the “Maturity Date”).</p> <p>The Bonds may be converted into ordinary shares in our Company (“Shares”) at the initial conversion price of S\$0.0170 per Share.</p> <p>Please refer to the section titled “Key Product Features – Key Features of the Convertible Bonds” below for more information.</p>	Listing status of Issuer, the Convertible Bonds and the Conversion Shares	<ul style="list-style-type: none"> Company – Primary Listing on the Mainboard of SGX-ST since 14 June 2000. Convertible Bonds – To be listed on the Mainboard of SGX-ST from 8 November 2022. Trading will be in board lots of S\$100 in principal amount of the Convertible Bonds, with each board lot of Convertible Bonds comprising 100 Convertible Bonds. Investors who wish to trade in lot sizes other than this may do so in the Unit Share Market of the SGX-ST during the provisional allotment trading period. <p>The listing of the Convertible Bonds on the Main Board of the SGX-ST is subject to there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the trading of the Convertible Bonds.</p> <ul style="list-style-type: none"> Conversion Shares – The SGX-ST has granted approval in-principle for the listing and quotation of the Conversion Shares on the Main Board of the SGX-ST.
Issue Manager(s) / Arranger(s)	No manager or arranger has been appointed for the Rights Issue.	Underwriter(s)	No underwriter has been appointed for the Rights Issue.
Credit rating of Issuer/ Guarantor (if applicable)/ the Securities (if any) and Credit Rating Agencies	The Convertible Bonds are not rated by any credit rating agency. This means that no independent assessment by a credit rating agency of the default risk of the Company and the Convertible Bonds has been made.	Trustee (if applicable) / Registrar	<ul style="list-style-type: none"> Trustee – Pacific Trustees (Singapore) Ltd. Principal Paying Agent, Conversion Agent, Transfer Agent and Bond Registrar – Pacific Trustees (Singapore) Ltd.

INVESTMENT SUITABILITY

WHO IS THE INVESTMENT SUITABLE FOR?

This investment is only suitable for you if you:

- are comfortable investing in hybrid securities that combine the features of both debt and equity and as such are prepared to accept risks higher than those normally associated with plain vanilla bonds;
- are prepared to rank lower in priority compared to secured creditors in an insolvency situation; and
- are prepared to lose a substantial amount of your principal investment if you sell your Convertible Bonds in a secondary market at a discount or if you sell your Conversion Shares at a price lower than the Conversion Price.

There are further risks associated with an investment in the Convertible Bonds. Please refer to the section titled “Risk Factors” of the OIS and in particular, the sub-section titled “Risks Factors Relating to an Investment in the Rights, the Convertible Bonds and the Conversion Shares” on pages 33 to 42 of the OIS for a summary of the risks relating to an investment in the Convertible Bonds. The considerations and risks referred to above are not exhaustive.

KEY FEATURES

Background information on the Issuer

WHO ARE YOU INVESTING IN?

Our Company was incorporated in Singapore on 27 April 1996. Our Group is a ‘one-stop shop’ communications technology products developer that is principally engaged in the design, development and/or distribution of satellite communication equipment and other innovative digital broadband products and solutions for a variety of connectivity for applications at seas, on land, on flight and in space, as well as related products and customised solutions derived from its proven technologies and established capabilities, supporting coverage provided by satellite communication operators. Our Group also offers customised design services tailored to the unique needs of our customers. Our Group operates principally in Singapore, with customers primarily in Asia, USA and Europe.

Our Board of Directors comprise Dr Chan Kum Lok, Colin (Executive Chairman), Mr Tan Khai Pang (Chief Executive Officer), Mr Richard J Denny (Independent Director), Mr Wong Ming Ghee, Bernard (Independent Director), Mr Paul C Burke (Non-Executive and Non-Independent Director) and Mr Chua Chwee Koh (Non-Executive and Non-Independent Director).

Our key executive officers are Mr Tan Juay Hwa (Project Director), Mr Richard Lau (Senior Vice President, Commercial and Marketing), Ms Chow Choi Fun, Jackie (Financial Controller), Mr Francis Low (Deputy Chief Technology Officer), Mr Chong Kim Ho (Head of Software Engineering), Mr E.M.L. Ekanayake (Head of Product Development) and Mr. K. Kalaivanan (Head of Solutions & Managed Service Platform).

As at the Latest Practicable Date, we do not have any controlling shareholders.

Refer to –

- Paragraph 8 of “Part 4 – Key Information” on pages 69 to 88 of the OIS for more information on our business.
- Paragraph 1 of “Part 2 – Identity of Directors, Advisers and Agents” on page 60 of the OIS for more information on our directors, key executives and controlling shareholders.

Key Features of the Convertible Bonds

WHAT ARE YOU INVESTING IN?

We are offering up to S\$6,484,064 in aggregate principal amount of Convertible Bonds to Entitled Shareholders. The Issue Price is S\$0.931 per S\$1.00 in principal amount of the Convertible Bonds.

The Convertible Bonds shall bear interest at the rate of 6% per annum on its outstanding principal amount from (and including) the Issue Date. Interest is payable semi-annually in arrears commencing on the date falling 6 months from the Issue Date and every 6 months thereafter.

Subject to and upon compliance with the provisions of the Terms and Conditions, any applicable fiscal or other laws or regulations (including without limitation the then prevailing listing rules of the SGX-ST or any Relevant Stock Exchange (as defined in the Terms and Conditions) (in particular, Rule 803 of the Listing Manual)), the Conversion Right attaching to the Convertible Bonds may be exercised, at the option of the holder thereof, at any time on and after the Issue Date, up to the close of business (at the place where the certificate evidencing such Convertible Bonds is deposited for conversion) on a date no later than 10 Business Days prior to the date fixed for redemption thereof (but, except as provided in the Terms and Conditions, in no event thereafter) (the “**Conversion Period**”), provided that the conversion date in respect of any

Refer to the section titled “Summary of the Rights Issue and the Convertible Bonds” on pages 18 to 25 and the section titled “Appendix A – Terms and Conditions of the Convertible Bonds” on pages 131 to 158 of the OIS for more information on

Convertible Bonds for which a Conversion Right has been validly exercised shall (subject to the provisions of the Terms and Conditions) fall at two-month intervals, commencing on the date falling 2 months from the Issue Date and with the last conversion date falling on the Maturity Date (each such date, a “**Conversion Date**”), and further provided that the Conversion Right shall be suspended during any Closed Period (as defined in the Terms and Conditions) and the Conversion Period and any Conversion Date shall not include any such Closed Period. If (A) the final date on which the Conversion Right may be exercised is not a Business Day at the place aforesaid, then the period for the exercise of the Conversion Right by Bondholders shall end on the immediately following Business Day at the place aforesaid, and (B) any Conversion Date is not a Business Day at the place aforesaid, then the Conversion Date shall fall on the immediately following Business Day at the place aforesaid.

The Conversion Price is subject to adjustment under certain circumstances, including, without limitation, the following: (a) consolidation, subdivision, redesignation or reclassification in relation to the Shares which alters the number of Shares in issue; (b) capitalisation of profits or reserves; (c) capital distribution; (d) rights issue of Shares or options over Shares at less than the market price; (e) rights issue of other securities; (f) issues of Shares or options over Shares at less than the market price; (g) issues of securities which carry rights of conversion into, or exchange or subscription for, Shares at a consideration at less than market price; (h) modifications of rights of conversion, exchange or subscription attaching to any other securities issued and which are convertible into Shares such that the consideration per Share is less than the market price; (i) issue of securities in the context of an offer to Shareholders; and (j) in events or circumstances not otherwise provided in the Terms and Conditions, subject to, among others, the use by the Company of a licensed independent investment bank (acting as expert) of international repute to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting or concentrative effect of such events or circumstances had not occurred.

The Convertible Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unsubordinated and unsecured obligations.

Unless previously redeemed, converted or cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at 100 per cent. (100%) of its principal amount together with interest accrued thereon up to (but excluding) the Maturity Date.

We may redeem all of the Convertible Bonds upon the occurrence of certain taxation events set out on page 149 of Appendix A titled “**Terms and Conditions of the Convertible Bonds – Redemption for Taxation Reasons**” of the OIS.

Bondholders may require the Company to redeem in whole but not in part their Convertible Bonds at 100 per cent. of their principal amount, together with any interest accrued to (but excluding) the date of redemption in the event that the Shares cease to be listed or admitted to trading on the SGX-ST.

If an Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred, the Trustee in its absolute discretion may (but is not obliged to), and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Convertible Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) shall (subject to being first fully indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Company that the Convertible Bonds are, and they shall accordingly thereby become, immediately due and repayable at 100 per cent. of their principal amount plus accrued interest (subject as provided in the Terms and Conditions and without prejudice to the right of such Bondholder to exercise the Conversion Right in respect of its Bonds in accordance with the Terms and Conditions).

We have only one class of shares, and the Conversion Shares will have the same rights as our other existing issued and paid-up shares, including voting rights. Shareholders will be entitled to all rights attached to their Conversion Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company. Except as provided in the section titled “**Offering, Selling and Transfer Restrictions**” in the OIS, there are no restrictions on the transferability of the Conversion Shares.

our
Convertible
Bonds.

Key Financial Information

Key profit and loss information

	Year ended 31 March		
	FY2020 Audited	FY2021 Audited	FY2022 Audited
	US\$('000)	US\$('000)	US\$('000)
Net revenue	9,627	2,676	5,458
Gross profit	7,163	730	3,775
Profit/(loss) before tax	1,809	(6,087)	(7,898)
Profit/(loss) attributable to owners of the Company	1,850	(6,200)	(7,970)
Before the Rights Issue and before adjusting for the Subsequent Placement Exercises⁽³⁾			
Basic EPS (US cents) ⁽¹⁾	0.10	(0.31)	(0.34)
Diluted EPS (US cents) ⁽²⁾	0.10	(0.31)	(0.34)
After the Rights Issue but before conversion of the Convertible Bonds and before adjusting for the Subsequent Placement Exercises⁽³⁾⁽⁴⁾			
Basic EPS (US cents) ⁽¹⁾	0.10	(0.31)	(0.34)
Diluted EPS (US cents) ⁽²⁾	0.10	(0.31)	(0.34)
After the Rights Issue and assuming conversion of all the Convertible Bonds and before adjusting for the Subsequent Placement Exercises⁽³⁾⁽⁴⁾			
Basic EPS (US cents) ⁽¹⁾	0.08	(0.26)	(0.30)
Diluted EPS (US cents) ⁽²⁾	0.08	(0.26)	(0.30)
After the Rights Issue but before conversion of the Convertible Bonds and after adjusting for the Subsequent Placement Exercises⁽³⁾⁽⁴⁾			
Basic EPS (US cents) ⁽¹⁾	0.08	(0.26)	(0.29)
Diluted EPS (US cents) ⁽²⁾	0.08	(0.26)	(0.29)
After the Rights Issue and assuming conversion of all the Convertible Bonds and after adjusting for the Subsequent Placement Exercises⁽³⁾⁽⁴⁾			
Basic EPS (US cents) ⁽¹⁾	0.07	(0.22)	(0.25)
Diluted EPS (US cents) ⁽²⁾	0.07	(0.22)	(0.25)

Notes:

- (1) Basic EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year.
- (2) Diluted EPS is calculated by dividing profit after taxation for the year that is attributable to owners of the Company by the weighted average number of Shares outstanding during the financial year plus the weighted average number of Shares that would be issued on the conversion of all the dilutive potential Shares into Shares.
- (3) The placement exercises of the Company held and completed subsequent to 31 March 2022 (the “**Subsequent Placement Exercises**”).
- (4) For illustrative purposes, EPS has been calculated on the assumption that (a) the Rights Issue was completed and S\$6,646,064 in aggregate principal amount of Convertible Bonds were issued on 1 April 2019, 1 April 2020 and 1 April 2021 respectively; (b) 381,415,529 Conversion Shares were allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.0170 with no adjustments; (d) the Net Proceeds from the issue of the Convertible Bonds are approximately S\$5.60 million, after deducting estimated expenses incurred in connected with the Rights Issue of approximately S\$0.4 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; and (f) convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option. The calculation of EPS does not take into account any theoretical ex-rights adjustment factor.

Refer to the paragraphs 1 to 7 of the sections titled “Part 5 – Operating and Financial Review and Prospects” on pages 89 to 94 and “Additional Disclosure Requirements Under Appendix 8.2 of the Listing Manual” on pages 124 to 130, as well as Appendices E, F and G, of the OIS for more information on our financial performance.

Key cash flows information

	Year ended 31 March
	FY2022
	Audited
	US\$('000)
Net cash generated from operating activities	434
Net cash used in investing activities	(237)
Net cash generated from financing activities	161
Net increase in cash and cash equivalents	358
Cash and cash equivalents at beginning of year	274
Cash and cash equivalents at end of year	632

Key balance sheet information

	Year ended
	31 March
	FY2022
	Audited
	US\$('000)
Total assets	14,891
Total liabilities	12,461
Net assets/(liabilities)	2,430
Net assets/(liabilities) attributed to owners of the Company before the Rights Issue and before adjusting for the Subsequent Placement Exercises	2,430
Net assets/(liabilities) attributed to owners of the Company after the Rights Issue ⁽¹⁾ (before conversion of the Convertible Bonds into Conversion Shares) and before adjusting for the Subsequent Placement Exercises	2,430
Net assets/(liabilities) attributed to owners of the Company after the Rights Issue ⁽¹⁾ (after conversion of the Convertible Bonds into Conversion Shares) and before adjusting for the Subsequent Placement Exercises	6,362
Net assets/(liabilities) attributed to owners of the Company after the Rights Issue ⁽¹⁾ (before conversion of the Convertible Bonds into Conversion Shares) and after adjusting for the Subsequent Placement Exercises	8,677
Net assets/(liabilities) attributed to owners of the Company after the Rights Issue ⁽¹⁾ (after conversion of the Convertible Bonds into Conversion Shares) and after adjusting for the Subsequent Placement Exercises	12,781
NAV per share before the Rights Issue and before adjusting for the Subsequent Placement Exercises	0.10
NAV per share after the Rights Issue ⁽¹⁾ (before conversion of the Convertible Bonds into Conversion Shares) and before adjusting for the Subsequent Placement Exercises	0.10
NAV per share after the Rights Issue ⁽¹⁾ (after conversion of the Convertible Bonds into Conversion Shares) and before adjusting for the Subsequent Placement Exercises	0.22
NAV per share after the Rights Issue ⁽¹⁾ (before conversion of the Convertible Bonds into Conversion Shares) and after adjusting for the Subsequent Placement Exercises	0.27
NAV per share after the Rights Issue ⁽¹⁾ (after conversion of the Convertible Bonds into Conversion Shares) and after adjusting for the Subsequent Placement Exercises	0.35

Notes:

- (1) For illustrative purposes, calculated on the assumption that (a) the Rights Issue was completed and S\$6,646,064 in aggregate principal amount of Convertible Bonds were issued on 31 March 2022; (b) 381,415,529 Conversion Shares were allotted and issued upon conversion of all the Convertible Bonds; (c) the Conversion Price will be S\$0.0170 with no adjustments; (d) the Net Proceeds from the issue of the Convertible Bonds are approximately S\$5.6 million, after deducting estimated expenses incurred in connected with the Rights Issue of approximately S\$0.4 million; (e) there is no return earned from the Net Proceeds and no payment of interest on the Convertible Bonds; and (f) convertible bond liability is computed assuming no fair value adjustments relating to the Convertible Bonds, redemption option and conversion option. Does not take into account any theoretical ex-rights adjustment factor.

The most significant factors contributing to our financial performance in FY2022 compared to FY2021 are as follows:

- Our revenue for FY2022 increased by US\$2.8 million (104%) to US\$5.5 million due to an increase in sales volume contributed by our new space related products.
- Our net loss from operations in FY2022 was US\$8.0 million, which is 29% higher than our net loss from operations of US\$6.2 million in FY2021. The improvement in profits from revenue in FY2022 was dampened by a one-off US\$6 million provision for impairment of a trade receivable and an impairment provision for certain development expenditure of US\$0.6 million in FY2022.

The most significant factors contributing to our financial performance in FY2021 compared to FY2020 are as follows:

- Our revenue for FY2021 decreased by US\$6.9 million (72%) due to the one-off licensing fee income of US\$6 million earned in FY2020 coupled with several projected deliveries being pushed back in FY2021 as a result of the many lockdowns in the region due to the prevailing Covid-19 pandemic crisis.
- Our net loss from operations in FY2021 was US\$6.2 million, compared to a net profit from operations of US\$1.8 million in FY2020. The net profit in FY2020 was attributed to a one-off licensing fee earned in FY2020, while the net loss in FY2021 was attributed to lower profit from revenue and higher manpower costs and finance expenses in FY2021.

The above factors are not the only factors contributing to our financial performance in FY2020, FY2021 and FY2022. Please refer to paragraph 4 of the section titled “Part 5 – Operating and Financial Review and Prospects” for the other factors set out in pages 90 to 93 of the OIS.

Business Strategies and Future Plans

The key principal activities of our Group include the design, development and/or distribution of satellite communication equipment and other innovative digital broadband products and solutions for a variety of connectivity for applications at seas, on land, on flight and in space, as well as related products and customised solutions derived from its proven technologies and established capabilities, supporting coverage provided by satellite communication operators. Our Group also offers customised design services tailored to the unique needs of our customers.

Our Group’s competitive strengths include technical know-how, expertise and various intellectual property developed over the years and at present is the only company in the world to provide real-time on demand commercial communication service to LEO satellites operators over Inmarsat’s ELERA geostationary satellites and global ground network.

Our Group will continue to focus on growing our revenue through the following business pillars:

- (1) Our Group’s SPC business pillar relating to IDRS has recorded a three-fold increase in the delivery of IDRS terminals to 19 units in FY2022 as compared to 6 units delivered in FY2021 and 3 units delivered in FY2020. To date, we have secured 10 IDRS customers with an aggregate of about 280 satellites in their planned constellations to be launched over the next few years with an outstanding order of about US\$1.7 million and optional order of about US\$3.6 million. In addition, we currently have 7 IDRS terminals commercially operational in space and generating recurring revenue. Riding on our pole position, we will increase our sales and marketing efforts to grow our IDRS business.
- (2) Our Group’s ADR business pillar relating to SDR and agile communications modules is fast gaining traction. As announced on 15 February 2022, our Group has secured a S\$3.6 million contract for the supply of our proprietary software defined and RF communication modules to a large technology company to be substantially fulfilled within the current financial year. On 2 September 2021, our Group has started its campaign to launch our proprietary ADRS1000 modules developed on the back of our rich heritage in the development of RF modules and FPGA-SoC embedded systems for bespoke wireless applications in defence and other mission-critical industries. Targeting at government agencies and commercial enterprises globally, ADRS1000 is well suited for compact digital beam-forming and agile radio applications such as 5G networks, anti-drone systems, radar systems and high-performance test and measurement instrumentation. Our Group has received initial orders for ADRS1000 for fulfilments within the current financial year. Our Group will also work aggressively with our partners and customers to rapidly grow this business pillar riding on the momentum of our initial successful commercial roll out.
- (3) Our Group’s STC business pillar pivoting to growing needs for satcom-based digital connectivity solutions has showed good commercial traction in environmental sustainability and industrial IoT markets and we will continue to pursue business opportunities in these markets.

Refer to:

- paragraph 8 of the section titled “Part 4 – Key Information” on pages 69 to 88; and
- paragraph 10 of the section titled “Part 5 – Operating and Financial Review and Prospects” on pages 95 to 97, of the OIS for more information on our strengths, strategies and future plans.

Trends, Uncertainties, Demands, Commitments or Events Reasonably Likely to have a Material Effect

Notwithstanding the current global uncertainties due to the COVID-19 pandemic, the Russia-Ukraine conflict, the tension between the U.S. and China and the global supply chain issues, it is encouraging that in FY2022, our Group has recorded a two-fold increase in revenue to US\$5.5m with a commendable 5.7 fold increase in recurring revenue generated from air time and application services of \$482,000 as compared to US\$2.7m revenue with a corresponding US\$84,000 in recurring revenue achieved in FY2021. Hence, our Group will continue to focus on growing our revenue through the business pillars set out above.

To the best of the Directors' knowledge and belief as at the Latest Practicable Date, the risk factors that are material to Shareholders and prospective investors in making an informed judgment on the Rights Issue (save for those which have already been disclosed to the general public) are set out in the section titled "Risk Factors" of the OIS.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the section titled "Risk Factors" on pages 26 to 42 of the OIS.

Refer to:

- the section titled "Risk Factors" on pages 26 to 42; and
- paragraph 10 of the section titled "Part 5 – Operating and Financial Review and Prospects" on pages 95 to 97, of the OIS for more information on the Risks Factors and trends and prospects.

Use of Proceeds

Based on the Issue Size and assuming that the Convertible Bonds are fully subscribed, the Net Proceeds to be raised in the Rights Issue (after deducting estimated expenses to be borne by us) are S\$5.6 million. The following represents our estimate of the allocation of the gross proceeds expected to be raised from the offer:

Details of utilisation	S\$ (million)	Allocation for each S\$1.00 of gross proceeds raised
(1) Net proceeds:	5.6	S\$0.934
(a) Repayment of balance of borrowings	2.5	S\$0.417
(b) Repayment of payables	0.6	S\$0.100
(c) Working capital of the Group (including materials and testing costs for order fulfilment, marketing and administrative expenses) and for business expansion	2.5	S\$0.417
(2) Estimated listing expenses	0.4	S\$0.066
Total	6.0	S\$1.000

Refer to the paragraphs 2 to 6 of the section titled "Part 4 – Key Information – Use of Proceeds from Offer and Expenses Incurred" on pages 66 to 69 of the OIS for more information on use of proceeds.

KEY RISKS

Investing in the Convertible Bonds involves substantial risks. Set out below are some of the key risks of investing in the Convertible Bonds. This list is not exhaustive, and does not represent all the risks associated with, and considerations relevant to, the Convertible Bonds or your decision to purchase the Convertible Bonds. Please refer to the section "Risk Factors" on pages 26 to 42 of the OIS for more information on risk factors. These risk factors may cause you to lose some or all of your investment.

Business-Related Risks

The Group's business and operations may be materially and adversely affected due to epidemics and other outbreak of diseases, including the global pandemic outbreak of COVID-19. An epidemic or outbreak of communicable diseases such as COVID-19, Middle East Respiratory Syndrome, Ebola, Severe Acute Respiratory Syndrome or other contagious disease may have an adverse effect on the Group's business, financial position, results of operations and growth prospects. In particular, the outbreak of COVID-19 in early 2020 resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by various governments around the world, including Singapore. Many businesses have also seen their operating expenses increase materially amidst shortage of manpower and disruptions to the supply chain caused by COVID-19, as well as implementation of COVID-19 testing and safe management measures. Though the effects of the COVID-19 pandemic have been alleviated, COVID-19 could potentially continue to affect the overall economic and market

conditions, demand for the Group's products or services, its business and operations and overall financial performance. Further, there remains the possibility of the emergence of new COVID-19 variants or other pandemics that may have an adverse impact on the Group's business and financial performance.

Risks in relation to geopolitical conflicts such as the Russia-Ukraine War and China-U.S. tensions. On February 24, 2022, Russia commenced a large-scale military action against Ukraine which has resulted in increased volatility in various financial markets and across various sectors. The United States and other countries, along with certain international organizations, have imposed economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to the invasion. The extent and duration of the military action, resulting sanctions and future market disruptions in the region are impossible to predict. Moreover, the ongoing effects of the hostilities and sanctions may not be limited to Russia and Russian companies and may spill over to and negatively impact other regional and global economic markets of the world. The ongoing military action along with the potential for a wider conflict could further increase financial market volatility and cause negative effects on regional and global economic markets, industries, and companies. The Russia-Ukraine war, in particular, has already led and may continue to lead to a rise in energy prices and presents a key downside risk for corporates and households and may further exacerbate supply chain risks of clients with higher sensitivities to rising energy costs. Russia's military action in the Ukraine has also elevated concerns for cyber security incidents and the resilience of critical business function. Taken together, the conflict and its ancillary effects could lead to a substantial slowdown in the global economy and diminish the Group's ability to generate revenues and the profitability on specific portfolios. Depending on how this crisis develops further and its impact on financial markets and the economy generally, it may also negatively impact the Group's business, financial condition, results of operations and prospects. The on-going political tensions between China and the U.S. (including but not limited to issues relating to Taiwan) have created grave concerns in the value chain of semiconductor industries and other raw materials and the restriction in the licensing of third-party technologies that the Group depends heavily on for its development and supply of products and solutions. The global or regional trading environments can turn unstable very quickly due to sudden increase of tensions in China-U.S. relations, and may negatively impact the Group's business, financial condition, results of operations and prospects.

The Group may not be as successful as it anticipates in its Transformation Programme which will have a significant impact on its generation of revenue and growth. The Group has embarked on a transformation programme involving a twin-pronged strategy of "commercial re-focusing", whereby the Group focuses on selling terminals bundled with airtime revenues and/or solutions to grow its recurring revenue stream, and "emerging market focus", whereby the Group targets emerging markets for digital connectivity in land, maritime, air and space, and advanced radio communication applications in sophisticated enterprises and government industries for growth (the "Transformation Programme"). The Transformation Programme will require time, effort and resources and will face significant risks, challenges and unknowns as the Group ventures into the enhanced business model of focusing on recurring revenues and emerging markets. Unforeseen problems during the transformation process may lead to delay and additional capital requirements for the Group.

The Group is dependent on major satellite network operators for a significant portion of its revenue The Group relies on satellite communication networks to develop products and solutions for end users' applications. At present, a significant portion of the Group's revenue was derived from businesses related to the satellite networks of Inmarsat, in particular, our IDRS Business. Accordingly, the Group's sustained financial performance is highly dependent on its relationship with Inmarsat, as well as the continuing orders from its customers and the financial health of Inmarsat. Any deterioration of Inmarsat's business or financial condition, or malfunction of the satellite constellation of Inmarsat, or of the Group's relationship with Inmarsat, or the loss of customer orders for Inmarsat satellite products, or the reduction in the gross or net margin of such customer orders, could have a material adverse effect on the Group's business, operating results or financial condition.

The Group may not be as successful as it anticipates in its new venture into the Inter-satellite Data Relay System ("IDRS") business which is a new service targeting the fast-growing LEO satellites market. The Group has invested heavily in the new IDRS Business venture over the past few years, and further investment will still be needed for the commercialisation of this new business. Typically, all projects in the space industry have long gestation periods due to heavy investment requirements and high technological barriers to entry; delays in and/or pre-mature termination of such projects are not uncommon in this industry. Hence, the Group will be exposed to such risks which may adversely affect and/or delay the commercialisation of our IDRS Business. In addition, many of the Group's IDRS customers and potential customers are start-ups which may be unable to secure the necessary funding needed to fully roll out their business plan or their sales may have fall short of forecast or they may have to scale down the size of their planned constellation which will have an adverse impact on the growth of our IDRS Business.

Legal, Regulatory and Enforcement Risks

The Convertible Bonds are not secured. The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally

with all of its other present and future direct, unsubordinated and unsecured obligations. The Convertible Bonds do not impose any negative pledge on the Company in relation to its present and future borrowings. On a winding-up or dissolution of the Company, the Bondholders will not have recourse to any specific assets of the Company and its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Convertible Bonds owed to the Bondholders and there can be no assurance that there would be sufficient value in the assets of the Company, after meeting all claims ranking ahead of the Convertible Bonds, to discharge all outstanding payment and other obligations under the Convertible Bonds owed to the Bondholders.

Shareholders will suffer dilution of their ownership interest if they do not or are unable to accept their Rights, or do not exercise their Conversion Right if other Bondholders do, and may also suffer economic dilution and may not receive interest if they do not or are unable to subscribe for the Convertible Bonds. If any Shareholder does not, or is unable to, accept his or her Rights, his or her proportionate voting and ownership interest will be reduced upon the issue of the Conversion Shares. The percentage that such Shareholder's Shares represent of the Company's enlarged share capital after the issue of the Conversion Shares will also be diluted. The magnitude of the reduction of a Shareholder's percentage ownership will depend upon the number of Convertible Bonds ultimately converted into Conversion Shares. Furthermore, if any Shareholder does not accept his or her Rights, he or she will not be entitled to receive interest on the Convertible Bonds and will not be granted any right to receive Conversion Shares. Even if a Shareholder sells his or her Rights or his or her Rights are sold on his behalf, any consideration he or she receives may not be sufficient to compensate him or her fully for the dilution of his or her interest in the Company as a result of the Rights Issue. In particular, Foreign Shareholders will not be eligible to participate in the Rights Issue. The Company may, at its absolute discretion and if it is practicable to do so, arrange for the Rights which would otherwise have been allotted to such Foreign Shareholders to be sold on SGX-ST as soon as practicable after dealings in the Rights commence. However, there is no guarantee that such sale will be successful and even if successful, the proceeds of any such sale may not be sufficient to compensate a Foreign Shareholder fully for the dilution of his or her interest in the Company as a result of the Rights Issue. Additionally, the Company may seek to raise additional funding after the Rights Issue, which may be by way of a further rights offering or through the issuance and placement of new Shares. In the event that a Bondholder is not a Shareholder at the time of such fundraising, he or she may be unable to participate in such fundraising and thereafter, if there is no adjustment to the Conversion Price in accordance with the Terms and Conditions, the percentage of such Bondholder's interest in the Company upon the exercise of his Conversion Right may also be diluted.

The Trustee may request that the Bondholders provide an indemnity and/or security and/or pre-funding to its satisfaction. In certain circumstances (including the giving of a notice to the Company or taking action pursuant to the Terms and Conditions), the Trustee may, at its discretion, request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if not first fully indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken, or at all. The Trustee may not be able to take actions notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

Market and Credit Risks

The market value of the Convertible Bonds and the Shares may be subject to fluctuation. The trading prices of the Convertible Bonds and the Shares may be subject to fluctuation in response to numerous factors, including (i) the market for similar securities, (ii) the periodic operating results and financial condition of the Group, (in the case of the Convertible Bonds) the trading price of the Shares and (iv) political, economic, financial and any other factors that can affect capital market conditions, the Group and the industries in which the Group operates. Adverse economic developments in Singapore as well as countries in which the Group operates or has business dealings could have a material adverse effect on the business, results of operations, financial position and prospects of the Group and the market value of the Convertible Bonds and the Shares. As a result of any of the above, the market price of the Convertible Bonds may fall below the Issue Price and the market price of the Shares may fall below the Conversion Price.

The Conversion Price of the Convertible Bonds is not an indication of the underlying value of the Shares. Further, the Rights Issue may cause the price of the Shares to fluctuate or decrease. Taking into account the Issue Price (which is at a discount of 6.9% to the principal amount of S\$1.00 per Convertible Bond) and the initial Conversion Price of S\$0.0170 per Conversion Share, each Conversion Share is effectively priced at approximately S\$0.0158, which represents: (i) a premium of approximately 5.33% to the VWAP of S\$0.0150 per Share for trades done on the SGX-ST on 6 July 2022, being the full Market Day immediately prior to the date of the Announcement on which trades were done; and (ii) a premium of approximately 21.54% to the closing price of S\$0.013 per Share for trades done on the SGX-ST on the Latest Practicable Date. The Conversion Price does not bear a direct relationship to the book value of the Company's assets, past operations, cash flow, earnings, financial condition or any other established criteria for value, and Shareholders should not consider the Conversion Price to be any indication of the underlying value of the Shares. The market price for the Shares on the SGX-ST (including the

Rights and the Conversion Shares) could be subject to significant fluctuations. Any fluctuation may be due to the market's perception of the likelihood of completion of the Rights Issue and/or be in response to various factors some of which are beyond the Company's control. Examples of such factors include but are not limited to: (a) variation in its operating results; (b) changes in securities analysts' estimates of the Group's financial performance; (c) fluctuations in stock market prices and volume; (d) general changes in rules and regulations with regard to the industry that the Group operates in, including those that affect the demand for the Group's services; and (e) economic and credit conditions. Any of these events could result in a decline in the market price of the Shares (including the Rights and the Conversion Shares) during and after the Rights Issue. There is no assurance that the market price of the Shares will be equal to or higher than the Conversion Price of the Convertible Bonds.

An investment in the Convertible Bonds is subject to interest rate risk. Bondholders may suffer unforeseen losses (both realised and unrealised) due to fluctuations in interest rates. The Convertible Bonds are a form of fixed interest security and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Convertible Bonds. The market value of the Convertible Bonds may be similarly affected which may result in a capital loss for Bondholders. Conversely, when interest rates fall, the prices of the Convertible Bonds and the prices at which the Convertible Bonds trade may rise. Bondholders may enjoy a capital gain but interest received may be reinvested at lower prevailing interest rates.

Liquidity Risks

The Convertible Bonds may not be listed on the SGX-ST. On 26 September 2022, the SGX-ST granted approval in-principle for the listing and quotation for, among other things, the Convertible Bonds on the Main Board of the SGX-ST, subject to, inter alia, there being a sufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds. There is no assurance that the Convertible Bonds will, upon issue, be listed and quoted on the Main Board of the SGX-ST. In the event that permission is not granted by the SGX-ST for the listing and quotation of the Convertible Bonds on the Main Board of the SGX-ST due to an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds or any other reason, the Company shall nevertheless proceed and complete the Rights Issue. In such event, the Convertible Bonds may be traded over-the-counter on the Debt Securities Clearing and Settlement System and will be cleared through CDP. However, Bondholders will not be able to trade their Convertible Bonds on the SGX-ST.

There is no prior market for the Convertible Bonds and no assurance that one will develop to provide liquidity for the Convertible Bonds. The Convertible Bonds are a new issue of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Convertible Bonds will develop or, if a market does develop, as to the liquidity or sustainability of any such market and the ability of the Bondholders to sell their Convertible Bonds. If an active market for the Convertible Bonds fails to develop or is not sustained, the trading price of the Convertible Bonds could fall below the Issue Price. Even if an active market for the Convertible Bonds were to develop, the Convertible Bonds could trade at prices that may be lower than the Issue Price. The trading price of the Convertible Bonds will depend on many factors, including (a) prevailing interest rates and the market for similar securities; (b) the Group's financial condition, financial performance and future prospects; and (c) fluctuations in the market price of the Shares.

Other Pertinent Risks

Bondholders are subject to the Terms and Conditions of the Convertible Bonds, which include provisions as to modifications and waivers, and events of default. The Terms and Conditions of the Convertible Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Terms and Conditions of the Convertible Bonds also provide that the Trustee may (but shall not be obliged to), without any consent or sanction of the Bondholders concur with the Company in making any modification (except as provided in the Terms and Conditions of the Convertible Bonds), to any of the Terms and Conditions of the Convertible Bonds or any of the provisions of the Trust Deed or the Agency Agreement which, in the opinion of the Trustee, it may be expedient to make, provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders, or which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by CDP. Further, the Terms and Conditions of the Convertible Bonds provide that if an Event of Default under the Convertible Bonds occurs and is continuing, the Trustee may give notice to the Company that the Convertible Bonds are immediately due and payable if so requested in writing by the holders of not less than 25% in principal amount of the Convertible Bonds then outstanding or if directed by an extraordinary resolution of Bondholders. Accordingly, Bondholders holding in aggregate less than 25% of the principal amount of the Convertible Bonds outstanding would not be able to instruct the Trustee to declare the Convertible Bonds immediately due and payable if an Event of Default under the Convertible Bonds occurs and is continuing. Further, the Trustee may, at its discretion, request the Bondholders to provide pre-funding and/or an indemnity and/or security to its satisfaction before it takes action on behalf of Bondholders, as further described in the risk factor entitled "The Trustee may request that the Bondholders provide an indemnity and/or security and/or pre-funding to its satisfaction".

DEFINITIONS

Unless otherwise defined herein or if the context otherwise requires, all capitalised terms used in this Product Highlights Sheet shall bear the same meaning ascribed to it in the OIS.

CONTACT INFORMATION**HOW DO YOU CONTACT US?**

If you have any questions, please contact the Company at (65) 6509 5711.