
**PROPOSED PLACEMENT OF 100,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF
ADDVALUE TECHNOLOGIES LTD
AT A PLACEMENT PRICE OF S\$0.025 PER PLACEMENT SHARE**

1 INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Addvalue Technologies Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 31 October 2018 entered into several subscription agreements (the “**Subscription Agreements**”) for the allotment and issue of an aggregate of 100,000,000 new ordinary shares (“**Shares**”) in the capital of the Company (the “**Placement Shares**” and each, a “**Placement Share**”) (collectively, the “**Proposed Placement**”) with the following subscribers:

Name of Subscriber	Number of Placement Shares	Percentage of Enlarged Share Capital (%)⁽¹⁾
Audrey Hing Zeng Ming	60,000,000	3.21%
Yuen Wai Kheong	14,000,000	0.75%
Yuen Wai Leng	4,000,000	0.21%
Fong See Chuen	6,000,000	0.32%
Tan Kiang Peng	4,000,000	0.21%
Ekanayake Mudiyansele Lakshman Ekanayake	3,000,000	0.16%
Dr Hu Gang	3,000,000	0.16%
Tan Juay Hwa	3,000,000	0.16%
Eyal Trachtman	1,800,000	0.10%
Richard Cooperman	1,200,000	0.06%

Note:-

- (1) Based on the issued and paid-up share capital of the Company comprising 1,870,441,084 Shares on completion of the Proposed Placement.

(each a “**Subscriber**”, and collectively the “**Subscribers**”)

- 1.2 Each of the Subscribers have agreed to subscribe for the Placement Shares (on and subject to the term and conditions of the relevant Subscription Agreement) (the “**Subscription**”) at an issue price of S\$0.025 per Placement Share (the “**Placement Price**”), the total aggregate consideration in respect of all the Placement Shares being approximately S\$2,500,000 (the “**Aggregate Placement Consideration**”). For the avoidance of doubt, the terms and conditions of all the Subscription Agreements (as between the Company and each Subscriber) are similar.

2 THE PROPOSED PLACEMENT

2.1 Authority to Issue the Placement Shares

The Placement Shares are intended to be issued pursuant to the share issue mandate (the “**Share Issue Mandate**”) obtained at the annual general meeting of the Company held on 31 July 2018 (the “**2018 AGM**”). The Share Issue Mandate authorises the directors of the Company (the “**Directors**”) to, *inter alia*, issue Shares whether by way of rights, bonus or otherwise, or to make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, the “**Instruments**”), such that the aggregate number of Shares to be issued pursuant to the Share Issue Mandate (including Shares to be issued pursuant to the Instruments) shall not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, of which the aggregate number of Shares (including Shares to be issued pursuant to the Instruments) to be issued other than on a *pro rata* basis to shareholders of the Company (the “**Shareholders**”) does not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings, where the total number of issued Shares excluding treasury shares and subsidiary holdings shall be as at the date on which the Share Issue Mandate was granted at the 2018 AGM.

As at the date of the 2018 AGM, the Company had an issued and paid-up share capital comprising 1,770,441,084 Shares (excluding treasury shares and subsidiary holdings). As at the date of this announcement, no Shares had been issued pursuant to the Share Issue Mandate. Accordingly, up to a total of 885,220,542 Shares may be issued pursuant to the Share Issue Mandate, of which the maximum number of Shares that can be issued other than on a *pro rata* basis to Shareholders is 354,088,216 Shares. Therefore, the 100,000,000 Placement Shares that may be issued to the Subscribers pursuant to the Proposed Placement (on a non *pro rata* basis) fall within the limits of the Share Issue Mandate.

2.2 The Placement Shares

The Placement Shares, when fully paid and issued, shall rank *pari passu* with and shall carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the allotment and issuance of the Placement Shares (the “**Completion Date**”).

Following the allotment and issuance of the Placement Shares, the Company’s issued and paid-up share capital will increase from 1,770,441,084 Shares as at the date of this announcement to 1,870,441,084 Shares. Such number of Placement Shares represents approximately 5.34% of the enlarged issued and paid-up share capital of the Company immediately after the Proposed Placement.

2.3 The Placement Price

The Placement Price of S\$0.025 is the volume weighted average price for trades done on Shares on the Mainboard on 29 October 2018 and 30 October 2018 prior to the trading halt, being approximately the last 1.3 market day on which Shares are traded immediately prior to the signing of the Subscription Agreements.

2.4 **Conditions Precedent**

Completion of the Proposed Placement is conditional upon, *inter alia*:

- approval in-principle for the listing and quotation of the Placement Shares on the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) being obtained from the SGX-ST and not revoked or amended and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Subscriber;
- approval by the Board and the issue and subscription of the Placement Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company; and
- there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties contained in Clause 5 and/or Clause 6 of the Subscription Agreement if they were repeated on and as of the Completion Date.

The Company will be submitting an additional listing application to the SGX-ST for the listing and quotation of the Placement Shares in due course. The Company will make the necessary announcement once the approval in-principle for the listing and quotation of the Placement Shares has been obtained.

In the event that any of the conditions precedent set out in any Subscription Agreement is not satisfied within three (3) months from the date of the Subscription Agreement, or such other date as the relevant Subscriber and the Company may agree, the obligations of the Company to issue the Placement Shares shall *ipso facto* cease and determine.

2.5 **No Placement Agent**

No placement agent has been appointed in respect of the Proposed Placement.

2.6 **Private Placement**

There will be not be any prospectus or offer information statement issued in connection with the Proposed Placement as the Proposed Placement will be made pursuant to the exemption under Section 272B of the Securities and Futures Act (Cap. 289) of Singapore (the “**SFA**”).

2.7 **Completion**

Completion of the Proposed Placement will occur within three (3) market days after the last of the conditions precedent is satisfied (or otherwise waived in accordance with the terms of the Subscription Agreement).

3 INFORMATION ON THE SUBSCRIBERS

Information on the Subscribers and their rationale for participating in the Proposed Placement are as follows:

Name of Subscriber	Background of Subscriber
Audrey Hing Zeng Ming	Currently an investor of Addvalue Innovation Pte Ltd (“AVI”), a wholly-owned subsidiary of the Company, pursuant to an Exchangeable Bonds Subscription Agreement dated 3 July 2018 (“EBSA”). An accredited investor. The Subscription is for investment purposes.
Yuen Wai Kheong	An accredited investor. The Subscription is for investment purposes.
Yuen Wai Leng	An accredited investor. The Subscription is for investment purposes.
Fong See Chuen	An employee of the Group since 2018. He holds the position of Senior Vice President, Head of Products and Solutions / Managed Services, and is responsible for sales of satcom products, solutions and managed services. The Subscription is for investment purposes.
Tan Kiang Peng	An employee of the Group since 1996. He holds the position of Manager in Hardware Engineering, and is also the Lead Engineer and Project Manager in charge of the Software Defined Radio module project. The Subscription is for investment purposes.
Ekanayake Mudiyansele Lakshman Ekanayake	An employee of the Group since 1996. He holds the position of Vice President, Product Management, and is responsible for design engineering services. The Subscription is for investment purposes.
Dr Hu Gang	An employee of Group since 2005. He holds the position of Manager in Software Engineering, and is also the Project Manager supporting the Group’s Beijing subsidiary targeting the China market. The Subscription is for investment purposes.
Tan Juay Hwa	An employee of the Group since 1994. He is the Project Director overseeing all the projects in the Group and directly involved in managing the IDRS projects. He was also an executive director of the Company until he voluntarily stepped down in 2016 to focus on business operation and remains a director of the Group’s wholly-owned subsidiary, Addvalue Communications Pte. Ltd. The Subscription is for investment purposes.
Eyal Trachtman	A consultant of AVI in respect of the technical and business development of IDRS since 2014. He is a highly accomplished visionary and innovative leader in the satellite telecommunications sector with more than 25 years of verifiable track record in forming and directing complex telecommunications programmes. He was an

Name of Subscriber	Background of Subscriber
	R&D director in Inmarsat from 2000 to 2009. The Subscription is for investment purposes.
Richard Cooperman	A consultant of AVI in respect of the technical and business development of IDRS since 2014. He has over 35 years of broad technical management experience in the satellite communications sector, with a demonstrated ability to implement new products and services. He was instrumental in bringing the Group and Inmarsat together to launch the Group into the satellite business. The Subscription is for investment purposes.

- 3.1 The Subscriber, Audrey Hing Zeng Min (“**Audrey**”), had on 3 July 2018 entered into the EBSA with AVI whereby AVI had issued and Audrey had subscribed for, a redeemable and exchangeable bond of S\$1,500,000, subject to the terms and conditions as set out under the EBSA (the “**S\$1,500,000 Bond**”), the obligations of AVI whereof are guaranteed by the Company. Audrey and AVI have mutually agreed to an early full redemption of the S\$1,500,000 Bond and hence the termination of the EBSA, with Audrey agreeing to use the redemption proceeds in full to subscribe for the Placement Shares. This redemption will reduce the gearing of the Group and strengthen its balance sheet. Audrey’s interest to invest in the Company through the Proposed Placement is for private investment purposes.
- 3.2 The Subscribers, Fong See Chuen, Tan Kiang Peng, Ekanayake Mudiyansele Lakshman Ekanayake and Dr Hu Gang (collectively, the “**Investment Employees**”), are employees of companies within the Group, and have expressed their interest to invest in the Company through the Proposed Placement for private investment purposes. The Company welcomes such investments as they are not only a strong demonstration of the commitment and confidence of the Investment Employees in the Group going forward but also align the interests of the Investment Employees with the Company. Further, as an added boost of commitment, all the Investment Employees have volunteered not to dispose of any of the Placement Shares for a period of six (6) months from the date of receipt of the approval in-principle for the listing and quotation of the Placement Shares from the SGX-ST.
- 3.3 The Subscribers, Eyal Trachtman and Richard Cooperman (collectively, the “**Investment Consultants**”), have been acting as consultants to AVI for the development and commercialisation of the IDRS business of the Group for the past few years. Both of them are veterans in the satellite industry, with vast experience in the IDRS technology and possess strong business networks. The Investment Consultants have expressed their interest to invest in the Company through the Proposed Placement for private investment purposes. The subscription for the Placement Shares by the Investment Consultants is a demonstration of their confidence in and commitment to the prospects of the Group, particularly with regard to the IDRS business of the Group.
- 3.4 The Subscribers, Yuen Wai Leng and Yuen Wai Kheong (collectively, the “**Existing Investment Shareholders**”), are existing Shareholders of the Company and are not related to each other. The Existing Investment Shareholders have expressed their

interest to invest in the Company through the Proposed Placement for private investment purposes..

- 3.5 Save as disclosed above, none of the Subscribers have any connections (including business relationships) with the Company, its Directors and substantial shareholders.
- 3.6 The Subscribers have confirmed that they are not persons falling within the categories of persons listed in Rule 812(1) of the Listing Manual of the SGX-ST. In addition, the Company confirms that the Proposed Placement will not result in a transfer of controlling interest.

4 FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

- 4.1 The financial effects of the Proposed Placement on the Group are prepared based on the latest available audited accounts of the Group (i.e., the audited accounts for the financial year ended 31 March 2018).

(a) Earnings per Share (“EPS”)

Assuming that the Proposed Placement had been completed on 1 April 2017, the effect of the Proposed Placement on the Group’s EPS for the financial year ended 31 March 2018 will be as follows:

	Before the Proposed Placement	After the Proposed Placement
(Loss)/Profit After Taxation and Non-Controlling Interests (US\$’000)	(12,785)	(12,785)
Weighted Average Number of Shares (’000)	1,788,745	1,888,745
EPS (US cents)	(0.70)	(0.68)

(b) Net Tangible Assets (“NTA”)⁽¹⁾

Assuming that the Proposed Placement had been completed on 31 March 2018, the effect of the Proposed Placement on the Group’s NTA per Share as at 31 March 2018 would have been as follows:

	Before the Proposed Placement	After the Proposed Placement
NTA ⁽¹⁾ attributable to the Shareholders (US\$’000)	(1,080)	1,420
Number of Shares (’000)	1,770,441	1,870,441
NTA per Share (US cents)	(0.06)	0.08

Note:

(1) NTA means total assets less sum of total liabilities, non-controlling interest and intangible assets.

5 RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

When allotted and issued in full, the estimated proceeds from the Proposed Placement after deducting expenses incurred in connection with the Proposed Placement is expected to amount to approximately S\$2.5 million.

Apart from the IDRS program that the Group is undertaking, the Company notes that the satellite communications internet of things is also gaining commercial traction and the Group's solution for the fishing vessels industry as well as the Group's design services in the satellite communications space are also achieving some level of success. In light of the above, the Company deems it necessary to undertake the Proposed Placement to raise funds to strengthen its balance sheet as well as to meet its funding and working capital requirements.

The Company intends to utilise the net proceeds from the Proposed Placement in the following proportions:

Use of net proceeds	Proportion (%)	Amount of net proceeds (S\$'000)
For redemption of the S\$1,500,000 Bond	60%	1,500
For the working capital requirements of the Group, including the funding for its space capabilities development program	40%	1,000

The Company will make announcements as to the use of proceeds arising from the Proposed Placement as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated purpose. The Company will also provide a status report on the use of the proceeds in the Company's interim and full year financial statements as well as the Company's annual report. Where the proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and the status reports. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the proceeds from the Proposed Placement, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

6 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Other than through each of their respective direct and/or indirect shareholding interests in the Company, none of the Directors and substantial Shareholders has any interests, direct or indirect, in the Proposed Placement.

7 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Subscription Agreements are available for inspection at the Company's Singapore office at 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158 for three (3) months from the date of this announcement.

8 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9 TRADING CAUTION

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to refrain from taking any action in respect of their securities that may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board
Addvalue Technologies Ltd

Dr Chan Kum Lok Colin
Chairman & Chief Executive Officer

31 October 2018