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**PROPOSED ISSUE OF CONVERTIBLE LOAN NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF S\$1,241,500 WITH AN AGGREGATE OF 95,500,000 FREE DETACHABLE WARRANTS CONVERTIBLE INTO NEW ORDINARY SHARES IN THE CAPITAL OF ADDVALUE TECHNOLOGIES LTD**

**- KEY TERMS AND CONDITIONS OF THE CONVERTIBLE LOAN NOTES AND THE WARRANTS TO BE ISSUED PURSUANT TO THE NON-RESTRICTED PERSONS ISSUE**

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**1. INTRODUCTION**

1.1. The Board of Directors (the “**Board**”) of Addvalue Technologies Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 13 October 2023 (the “**Previous Announcement**”) in relation to the entry into several subscription agreements for the proposed issue of Convertible Loan Notes in the aggregate principal amount of S\$1,241,500 convertible into 95,500,000 Conversion Shares at the initial conversion price of S\$0.013 per Conversion Share with an aggregate of 95,500,000 free detachable Warrants, with each Warrant carrying the right to subscribe for one Warrant Share at an initial exercise price of S\$0.013 per Warrant Share (the “**Proposed Issue**”), comprising:

- (a) the proposed issue of Convertible Loan Notes (the “**Non-Restricted Persons Issue**”) in the aggregate principal amount of S\$728,000 convertible into 56,000,000 Conversion Shares with an aggregate of 56,000,000 free detachable Warrants exercisable into 56,000,000 Warrant Shares to Dr. Chan Kum Lok Colin, Mr. Tan Juay Hwa, Mr. Low Boon Leng, Mr. Ngo Guan Seng, Mr. Thin Thiam Choy, Mr. Chong Kim Ho, Dr. Hu Gang, Mr. Lee Loi Sing, Mr. Chan Kit Sun Chris and Mr. Chiang Mun Kit Julian; and
- (b) the proposed issue of Convertible Loan Notes in the aggregate principal amount of S\$513,500 convertible into 39,500,000 Conversion Shares with an aggregate of 39,500,000 free detachable Warrants exercisable into 39,500,000 Warrant Shares to Mr. Paul C Burke, Mr. Richard John Denny, Mr. Tan Khai Pang, Ms. Goh Liang Choo, Mr. Wong Ming Ghee, Bernard and Mr. Chua Chwee Koh, being Directors of the Company,

as well as to the Company’s announcement on 16 November 2023 relating to the in-principle approval granted by the SGX-ST (“**AIP**”) in respect of the listing and quotation of up to 112,000,000 new Shares in relation to the Non-Restricted Persons Issue.

1.2. Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Previous Announcement.

**2. KEY TERMS AND CONDITIONS OF THE CONVERTIBLE LOAN NOTES AND THE WARRANTS TO BE ISSUED PURSUANT TO THE NON-RESTRICTED PERSONS ISSUE**

2.1. The Board wishes to provide additional information on the key terms and conditions of the Convertible Loan Notes and the Warrants to be issued pursuant to the Non-Restricted Persons Issue.

**Convertible Loan Notes**

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Subscription Price : 100% of the principal amount of the Convertible Loan Note (the "**Subscription Price**").

Payment of Subscription Price : The Subscription Price shall be paid on the date of the Subscription Agreement<sup>(1)</sup> (unless otherwise agreed between the Subscriber and the Company). Pending closing, the payment of the Subscription Price shall be treated as a loan from the Subscriber to the Company. The Company shall pay interest in cash at the rate of 9.0% per annum on the Subscription Price for the period commencing on (and including) the date of disbursement<sup>(1)</sup> and ending on (and including) the closing date (the "**Closing Date**").

**Note:-**

The Subscription Agreements are dated 13 October 2023. The disbursement of the Subscription Price took place on the same day.

Convertible Loan Note : The Convertible Loan Note shall be issued on the Closing Date subject to the Conditions and will not be listed on any stock exchange.

The Convertible Loan Note may be transferred by delivery of the certificate issued in respect of the Convertible Loan Note, together with the form of transfer.

The Convertible Loan Note constitutes direct, unconditional, unsecured and unsubordinated obligations of the Company.

Conditions Precedent : (a) The general share issue mandate of the Company being valid, subsisting and adequate for the purposes of the issue of the Convertible Loan Note and the Warrants as at the Closing Date or, if required, Shareholders' approval having been obtained for the purposes of the issue of the Convertible Loan Note and the Warrants.

(b) Approval in-principle for the listing and quotation of the Conversion Shares and the Warrant Shares on the Official List of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at the Closing Date and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Subscriber.

(c) The issue of the Convertible Loan Note and the Warrants not being prohibited by any statute, order, rule or

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regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore.

- (d) The representations and warranties of the Company and the Subscriber being accurate and correct in all material respects at, and as if made on, the Closing Date, and each of the Company and the Subscriber having performed all of their obligations under the Subscription Agreement to be performed on or before the Closing Date.

Closing : Closing shall take place on the date on which the last of the conditions precedent are fulfilled.

Interest Rate : The Convertible Loan Note bears interest at the rate of 9.0% per annum on its outstanding principal amount from (and including) the issue date of the Convertible Loan Note at Closing (the "**Issue Date**"). The interest is payable in cash on 31 March and 30 September of each calendar year with the first payment occurring on 31 March 2024.

The interest rate is pegged at slightly above the 8% per annum interest rate applicable to the convertible loan notes previously issued on 6 August 2019 (which matured on 3 September 2021 and which were extended to 30 September 2022).

Conversion : The right to convert the Convertible Loan Note into Conversion Shares may only be exercised as follows: (a) if the outstanding principal amount of the Convertible Loan Note is less than S\$130,000, the noteholder may only convert such Convertible Loan Note in full; or (b) if the outstanding principal amount of the Convertible Loan Note is more than S\$130,000, the noteholder may only convert such Convertible Loan Note (i) in full; or (ii) in denominations of S\$130,000 (a "**Partial Conversion**"), provided that for any Partial Conversion, the remaining Convertible Loan Note not converted must have a minimum outstanding principal amount of S\$130,000.

Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof.

Conversion Price : S\$0.013 per Conversion Share.

Maturity Date : The date falling 24 months from the Issue Date of the Convertible Loan Note (the "**Maturity Date**").

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- Anti-Dilution Protection : The Conversion Price will be subject to adjustments in certain events occurring after the Issue Date, including consolidation, subdivision or reclassification, issue of Shares credited as fully paid to the holders of the Shares by way of capitalisation of profits or reserves (including a free distribution or bonus issue of Shares), capital distribution, rights issues of shares or options over shares, issues at less than current market price, other than specified excluded transactions.
- The Subscriber has not been given any rights of first refusal to participate in further fund raisings by the Company.
- Conversion Period : At any time from the Issue Date up to the date falling three (3) business days prior to the Maturity Date.
- Status of the Conversion Shares : The Conversion Shares will in all respects rank *pari passu* with the Shares in issue on the relevant registration date. Save as set out in the Conditions, a holder of Conversion Shares issued on conversion of the Convertible Loan Note shall not be entitled to any dividends, rights, allotments or other distributions the record date for which precedes the relevant registration date. The Convertible Loan Note which is duly converted will be cancelled on the relevant registration date.
- Redemption : Unless previously redeemed, converted or purchased and cancelled as provided in the Conditions, the Company will redeem the Convertible Loan Note at 100.0% of their principal amount together with interest accrued on the Maturity Date.
- Subject to the Conditions, the Company may also elect to redeem the Convertible Loan Note plus interest accrued prior to the Maturity Date at its option or for taxation reasons.
- Liquidation etc. for the Noteholders : The Convertible Loan Note shall become immediately due and payable at 100% of the principal amount plus accrued interest in the event of, *inter alia*, liquidation, insolvency or winding up.

**Warrants**

- Issue of Warrants : On the Closing Date, the Convertible Loan Note shall be issued with free Warrants, the number of which shall be determined by dividing the Subscription Price by the Conversion Price, fractional entitlements to be disregarded. The Warrants will be subject to the Warrant Conditions and are freely and immediately detachable on issue, and will be issued in registered form and will not be listed on any stock

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exchange. The Warrants are not expressed in terms of dollar value.

There is no lock-up period for the Warrants.

- Exercise of Warrants : Each Warrant shall confer the right to subscribe in cash for one Warrant Share at the Exercise Price of S\$0.013 per Warrant Share (subject to adjustments) at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5:00 p.m. (Singapore time) on the market day immediately preceding the second (2<sup>nd</sup>) anniversary of the date of issue of the Warrants provided that: (a) if the aggregate exercise price represented by a warrant holder's Warrants is less than S\$130,000, the warrant holder may only exercise all of its Warrants; or (b) if the aggregate exercise price represented by a warrant holder's Warrants is more than S\$130,000, the warrant holder may only (i) exercise all of its Warrants; or (ii) exercise its Warrants where the aggregate exercise price is in denominations of S\$130,000 (a "**Partial Exercise**"), provided that for any Partial Exercise, the aggregate exercise price represented by the warrant holder's Warrants not exercised must have a minimum amount of S\$130,000.
- Adjustment Events : The Exercise Price and the number of Warrants held by each warrant holder will be subject to adjustments in certain events occurring, including an issue by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any free distribution or bonus issue of Shares), a capital distribution, an offer or invitation made by the Company to the Shareholders under which they may acquire or subscribe for Shares by way of rights, or issue or grant to the Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, any consolidation, subdivision, reclassification or conversion of Shares, other than specified excluded transactions.
- Status of Warrant Shares : When issued and allotted, the Warrant Shares shall be fully paid and shall rank for any dividends, rights, allocations or other distributions, the record date for which is on or after the relevant exercise date, pari passu in all respects with the then existing Shares of the Company.

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Transfer of Warrants : The Warrants shall be transferable by instrument of transfer in such form as may be approved by the Directors and in accordance with all applicable laws and regulations.

Liquidation etc. for the Warrantholders : Unless in the event of a members' voluntary winding-up, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such winding-up resolution shall lapse and the Warrants shall cease to be valid for any purpose.

If prior to the expiry of the Warrants, an effective resolution is passed for a members' voluntary winding up of the Company, for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the warrant holders by way of a special resolution, the terms of such scheme of arrangement shall be binding on all the warrant holders and all persons having an interest in the Warrants. In any other case, if notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every warrant holder shall be entitled, by irrevocable surrender of his warrant certificate(s) to the Company with the exercise notice(s) duly completed, together with all payments payable, to elect to be treated as if he had had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the exercise notice(s) and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly.

**3. TRADING CAUTION**

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders 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 should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

**4. FURTHER ANNOUNCEMENTS**

Further announcements will be made by the Company in relation to the Proposed Issue as and when appropriate.

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**BY ORDER OF THE BOARD**

Mr Tan Khai Pang  
Chief Executive Officer  
18 January 2024