

ANWELL TECHNOLOGIES LIMITED (REG NO. 200308707W)

Updates on the Investigation

*Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as in the Company's announcements dated 13 August 2013, 23 August 2013, 10 September 2013, 9 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, 23 July 2014 and 11 October 2014, 13 February 2015 and 26 August 2015 (the "**Announcements**").*

Further to the Company's Announcements, the Board would like to update shareholders of the Company on the Investigations as follows:-

Fraud charges against Dongguan Anwell, Dongguan Executives and Dongguan Employees

1. As announced on 23 July 2014, each of 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) (the employees collectively "**Dongguan Employees**") have been charged for alleged fraud by the Dongguan Municipal People's Procuratorate pending legal proceedings to be commenced against Dongguan Anwell and Dongguan Employees.
2. As previously announced, Fan Kai Leung (Executive Chairman and Chief Executive Officer), Wu Wai Kin (Executive Director and Chief Financial Officer), Kwong Chi Kit Victor (Group Financial Controller) ("**Dongguan Executives**") were initially released on 10 July 2014 and immediately detained again pending further investigations by the Public Security Bureau of Dongguan.
3. Further thereto, the Company has recently been informed by its PRC lawyers that the Dongguan Municipal People's Procuratorate has decided to file charges

with the Dongguan Intermediate People's Court (广东省东莞中级人民法院) against each of the Dongguan Executives jointly with Dongguan Anwell and the Dongguan Employees (collectively the "**Accused**").

Details of the Alleged Fraud Charges

4. As disclosed by the Company in its announcement dated 23 July 2014 and based on the charge sheet filed by the Dongguan Municipal People's Procuratorate with the relevant PRC court, the brief details of the fraud charges are as follows:-

(A) The alleged use of contracts to misrepresent and obtain financial support for the sum of RMB300 million provided by the Guangdong government.

- (i) The fraud charges are in relation 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**").
- (ii) 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 utilisation of funds.
- (iii) 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.

(B) Misrepresenting Dongguan Trust Co., Ltd. (东莞信托有限公司) of RMB700 million.

- (i) In July 2011, the Company, Dongguan Anwell and the Dongguan Trust Co., Ltd signed an agreement for capital injection ("**Capital Injection Agreement**") into Dongguan Sungen Solar Co., Limited (东莞展真光伏有限公司) ("**Dongguan Sungen**"). The said capital injection was for the development of the Group's thin film solar production plant in Dongguan.
 - (ii) Under the Capital Injection Agreement, the Dongguan municipal government will through Dongguan Trust Co., Ltd. contribute RMB700 million to the working capital of Dongguan Sungen in exchange for a 19.5% shareholding in Dongguan Anwell. It was also agreed that the Company shall, within 5 years from the signing of the Capital Injection Agreement, repay to Dongguan Trust Co., Ltd. the RMB700 million loan by redeeming the 19.5% shareholding.
 - (iii) The Dongguan Municipal People's Procuratorate has alleged that through a series of 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.
5. In addition, the Accused have also been charged for misuse of the funds of Dongguan Sungen for unauthorised purposes through the fictitious contracts.

6. According to the PRC lawyers, the Dongguan Intermediate People's Court (广东省东莞中级人民法院) is currently in the process of considering the charges submitted by the Dongguan Municipal People's Procuratorate. The court may either allow the case to proceed and fix a date for the hearing or it may return the case to the Dongguan Municipal People's Procuratorate for further investigations or amendment of charges. The court may return the case to the Dongguan Municipal People's Procuratorate up to a maximum of two times for further investigations or amendment of charges. The court may also after considering the charges release the Accused if the court does not accept the charges (and the basis thereof) filed against the Accused.
7. The Company will continue to seek legal advice from its PRC lawyers with respect to defending the Accused against these charges.

The Company will keep shareholders informed of any material progress and development in respect of the legal proceedings in due course.

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

21 September 2015