



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

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 13 October 2023 entered into several subscription agreements (the “**Subscription Agreements**”) for the issue (the “**Proposed Issue**”) of convertible loan notes in the aggregate principal amount of S\$1,241,500 (the “**Convertible Loan Notes**” and each, a “**Convertible Loan Note**”) convertible into 95,500,000 new ordinary shares (“**Shares**”) in the capital of the Company (the “**Conversion Shares**” and each, a “**Conversion Share**”) at the conversion price of S\$0.013 per Conversion Share with an aggregate of 95,500,000 free detachable warrants (the “**Warrants**” and each, a “**Warrant**”), with each Warrant carrying the right to subscribe for one new Share (the “**Warrant Shares**” and each, a “**Warrant Share**”) at an exercise price of S\$0.013 per Warrant Share with the following subscribers (the “**Subscribers**” and each, a “**Subscriber**”):

Name of Subscriber	Principal Amount of Convertible Loan Note	No. of Conversion Shares	No. of Warrants / Warrant Shares	Conversion Shares and Warrant Shares as a % of the Existing Share Capital ⁽¹⁾	Conversion Shares and Warrant Shares as a % of the Enlarged Share Capital ⁽²⁾	No. of Existing Shares ⁽³⁾	Total Shareholding as a % of the Enlarged Share Capital ⁽²⁾
Paul C Burke	S\$357,500	27,500,000	27,500,000	1.7	1.60	137,726,406	5.61
Richard John Denny	S\$26,000	2,000,000	2,000,000	0.12	0.12	5,500,000	0.28
Tan Khai Pang	S\$52,000	4,000,000	4,000,000	0.25	0.23	36,201,000	1.29
Goh Liang Choo	S\$19,500	1,500,000	1,500,000	0.09	0.09	-	0.09
Wong Ming Ghee, Bernard	S\$26,000	2,000,000	2,000,000	0.12	0.12	8,000,000	0.35
Chua Chwee Koh	S\$32,500	2,500,000	2,500,000	0.15	0.15	7,834,900	0.37
Chan Kum Lok Colin	S\$195,000	15,000,000	15,000,000	0.93	0.87	37,490,000	1.97
Tan Juay Hwa	S\$39,000	3,000,000	3,000,000	0.19	0.17	100	0.17
Low Boon Leng	S\$19,500	1,500,000	1,500,000	0.09	0.09	10,300,000	0.39
Ngo Guan Seng	S\$13,000	1,000,000	1,000,000	0.06	0.06	3,286,000	0.15
Thin Thiam Choy	S\$13,000	1,000,000	1,000,000	0.06	0.06	3,531,500	0.16
Chong Kim Ho	S\$13,000	1,000,000	1,000,000	0.06	0.06	3,013,000	0.15
Hu Gang	S\$19,500	1,500,000	1,500,000	0.09	0.09	6,200,000	0.27
Lee Loi Sing	S\$221,000	17,000,000	17,000,000	1.05	0.99	26,194,000	1.75
Chan Kit Sun Chris	S\$130,000	10,000,000	10,000,000	0.62	0.58	-	0.58
Chiang Mun Kit Julian	S\$65,000	5,000,000	5,000,000	0.31	0.29	-	0.29
Total	S\$1,241,500	95,500,000	95,500,000	5.89	5.57	285,276,906	13.87

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Notes:-

- (1) Based on the issued and paid-up share capital of the Company comprising 3,242,032,092 Shares (excluding treasury shares and subsidiary holdings) as at the date of this announcement.
 - (2) Based on the enlarged issued and paid-up share capital of the Company comprising 3,433,032,092 Shares (excluding treasury shares and subsidiary holdings) assuming that: (a) all the Convertible Loan Notes are fully converted into Conversion Shares at a conversion price of S\$0.013 per Conversion Share; (b) all the Warrants are fully exercised into Warrant Shares at an exercise price of S\$0.013 per Warrant Share.
 - (3) Calculated as at the date of this announcement.
- 1.2. Each Subscriber shall have the right to convert all or some of their Convertible Loan Note into Conversion Shares at any time during the relevant conversion period at an initial conversion price of S\$0.013 per Conversion Share (the "**Conversion Price**"). The Conversion Price is subject to adjustment in the circumstances set out in the terms and conditions of the Convertible Loan Notes as set out in the Subscription Agreements (the "**Conditions**").
 - 1.3. Each Convertible Loan Note shall be issued with free detachable Warrants, each Warrant carrying the right to subscribe for one Warrant Share at an initial exercise price of S\$0.013 per Warrant Share (the "**Exercise Price**"). Each Subscriber shall have the right to convert their Warrants into Warrant Shares at any time during the relevant exercise period at the Exercise Price, which is subject to adjustment in the circumstances set out in the terms and conditions of the Warrants as set out in the Subscription Agreements (the "**Warrant Conditions**").
 - 1.4. Both the Conversion Price and the Exercise Price represent a premium of approximately 8.33% to the volume weighted average price ("**VWAP**") for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 13 October 2023, being the full market day for which trades were done on which the Subscription Agreements were signed. The VWAP is S\$0.012 per Share.
 - 1.5. For the avoidance of doubt, save as disclosed in paragraph 2.2 below, the terms and conditions of each Subscription Agreement (as between the Company and each of the Subscribers) is similar.

2. THE PROPOSED ISSUE OF THE CONVERTIBLE LOAN NOTES

2.1. Authority to Issue the Placement Shares

2.1.1. Specific Share Issue Mandate

The Conversion Shares and the Warrant Shares (collectively, the "**Placement Shares**") to be issued to the Directors of the Company, namely, Paul C Burke, Richard John Denny, Tan Khai Pang, Goh Liang Choo, Wong Ming Ghee, Bernard and Chua Chwee Koh (the "**Restricted Persons**"), shall be allotted and issued subject to the specific approval of the shareholders of the Company (the "**Shareholders**") having been obtained at a general meeting to be convened in due course pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**CA**") and Rules 804, 805(1) and 812 of the Listing Manual of the SGX-ST (the "**Listing Manual**").

2.1.2. General Share Issue Mandate

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The Placement Shares to be issued to the Subscribers other than the Restricted Persons shall be allotted and issued pursuant to the share issue mandate (the “**Share Issue Mandate**”) obtained at the annual general meeting of the Company held on 28 July 2023 (the “**2023 AGM**”). The Share Issue Mandate authorizes 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 existing 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 2023 AGM.

As at the date of the 2023 AGM, the Company had an issued and paid-up share capital comprising 3,242,032,092 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 1,621,016,046 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 existing Shareholders is 648,406,418 Shares. Therefore, the 191,000,000 Placement Shares that may be issued to the Subscribers upon conversion of the Convertible Loan Notes and exercise of the Warrants fall within the limits of the Share Issue Mandate.

2.2. Key Terms and Conditions of the Convertible Loan Notes and the Warrants

The key terms and conditions of the Convertible Loan Notes and the Warrants are summarised as follows:

- 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 (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 and ending on (and including) the closing date (the “**Closing Date**”).
- 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.
- Warrants and Warrant Shares : On the Closing Date, the Convertible Loan Note shall be issued with free Warrants, the number of which shall be

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determined by dividing the Subscription Price by the Conversion Price. 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 exchange.

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 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 (2nd) 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.

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.

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

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(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 (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
- 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.
- 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**").
- Anti-Dilution Protection : The Conversion Price will be subject to adjustments in certain events occurring after the Issue Date, including consolidation, subdivision or reclassification, capitalisation of profits or reserves, capital distribution, rights issues of shares or options over shares, issues at less than current market price, other than specified excluded transactions.
- 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

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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.

In addition, the Subscription Agreement entered into between the Company and Paul C Burke also contains the following key terms and conditions:

- (a) the aggregate Subscription Price of S\$357,500 payable by Paul C Burke shall be deemed to have been fully paid by off-setting the aggregate amount of S\$360,320 owed by the Group to Paul C Burke as at the Closing Date. Such amount comprises: (i) a loan with principal amount of US\$200,000 (approximately S\$274,000) and interest payable thereon of US\$36,000 (approximately S\$49,320) granted to Addvalue Innovation Pte Ltd, a wholly-owned subsidiary of the Company (the "**AIPL Loan**"); and (ii) outstanding director fees of S\$37,000;
- (b) the Company will not, without the prior written consent of Paul C Burke, issue any new Shares at an issue price below S\$0.013 from the date of the relevant Subscription Agreement until the date falling twelve (12) months from the relevant Closing Date; and
- (c) prior to the Closing Date, the Company will not, without the prior written consent of Paul C Burke, undertake certain corporate transactions, including capital reduction, bonus issue, issue and allotment of Shares and grant of options over Shares (subject to certain exceptions).

2.3. **No Placement Agent**

The Proposed Issue is not underwritten and no placement agent has been appointed in respect of the Proposed Issue.

2.4. **Private Placement**

The Proposed Issue will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act 2001 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Issue.

3. **INFORMATION ON THE SUBSCRIBERS**

- 3.1. Information on the Subscribers and their rationale for participating in the Proposed Issue are as follows:

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Name of Subscriber	Background of Subscriber
Paul C Burke	Non-Independent and Non-Executive Director of the Company. Mr Burke, an American citizen, is a businessman and entrepreneur with over 25 years of experience in the aviation industry. He is currently the CEO and Director of Konnectronix, Inc. (f/k/a Telefonix, Inc.), a company he founded in 1989, which now focuses on product design and manufacturing for the e-mobility market following the sale of the company's aerospace assets in December 2017. His participation in the Proposed Issue is for investment purposes. Mr Burke is a Restricted Person.
Richard John Denny	Non-Executive Chairman of the Company. Mr Denny, an Australian national, has had over 40 years of experience in the space and satellite sector. Mr Denny joined Inmarsat in 1988 and held a range of positions spanning across the technical and operational functions of Inmarsat before he retired in 2012. His participation in the Proposed Issue is for investment purposes. Mr Denny is a Restricted Person.
Tan Khai Pang	Chief Executive Officer and Executive Director of the Company. Mr Tan, one of the co-founders of the Company, has over 30 years of experience in product development and management in the field of telecommunications, with primary focus on satellite communications product development and strategic business management. Prior to his appointment as Chief Executive Officer in January 2022, Mr Tan was the Chief Operating and Technology Officer where he focused on pivoting the company businesses to new growth markets for digital connectivity solutions, particularly in space, satcom and software defined radio industries. His participation in the Proposed Issue is for investment purposes. Mr Tan is a Restricted Person.
Goh Liang Choo	Independent and Non-Executive Director of the Company. Ms Goh was appointed to the Board in November 2022. She has more than 35 years of management experience from her career in Shell (International), UBS Warburg (London), General Electric Company (USA) and Ernst and Young (Singapore). She has deep expertise in diverse areas including board directorships, joint ventures governance, acquisitions and business integrations, process and business transformation, risk management, business planning, financial management and external audit. Her participation in the Proposed Issue is for investment purposes. Ms Goh is a Restricted Person.
Wong Ming Ghee, Bernard	Independent and Non-Executive Director of the Company. Mr Wong was appointed to the Board in September 2021. He has considerable experience and expertise particularly on business leadership and succession planning. Mr Wong was the Asia Pacific Region Head of The Lubrizol Corporation, a Berkshire Hathaway company, for 10 years before his retirement in 2018. His participation in the Proposed Issue is for investment purposes. Mr Wong is a Restricted Person.
Chua Chwee Koh	Non-Independent and Non-Executive Director of the Company. Mr Chua was appointed to the Board in January 2022. He has a wealth of experience having spent 17 years with Certis CISCO in leading and transforming the business. He played a key role in integrating operations & technology in the security business and was leading the digital transformation in the last few years. His participation in the Proposed Issue is for investment purposes. Mr Chua is a Restricted Person.
Chan Kum Lok Colin	Senior Advisor to the Board and the Chief Executive Officer. Dr Chan recently retired from the position of Executive Chairman on 31 March 2023. His participation in the Proposed Issue is for investment purposes.

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Tan Juay Hwa	Employee of the Group (Project Director). Mr Tan, one of the co-founders of the Company, has over 30 years of experience in communications design, proprietary software technology development for communications products and product development management. He is also a director of the Group's wholly-owned subsidiary, Addvalue Communications Pte Ltd. His participation in the Proposed Issue is for investment purposes.
Low Boon Leng	Employee of the Group (Chief Technology Officer). Mr Low joined the Group in 2001 and was appointed as Deputy Chief Technology Officer in January 2022 before assuming his current position. His participation in the Proposed Issue is for investment purposes.
Ngo Guan Seng	Employee of the Group (Head of RF & Antenna Department). Mr Ngo joined the Group in 1997 and leads and oversees the RF & Antenna Design Team. His participation in the Proposed Issue is for investment purposes.
Thin Thiam Choy	Employee of the Group (Head of Supply Chain Operations). Mr Thin joined the Group in 1997 and leads the Group's procurement and logistics team. His participation in the Proposed Issue is for investment purposes.
Chong Kim Ho	Employee of the Group (Head of Software Engineering). Mr Chong joined the Group in 2005 and leads the Group's software development team as well as the IT department. With effect from January 2023, he also assumed responsibility for overseeing the Group's IT and security infrastructure and implement process to mitigate cybersecurity risk.
Hu Gang	Employee of the Group (Manager, Software Engineering). Dr Hu joined the Group in 2005 and also supports the Group's operations in the People's Republic of China. His participation in the Proposed Issue is for investment purposes.
Lee Loi Sing	An existing Shareholder and an accredited investor. His participation in the Proposed Issue is for investment purposes.
Chan Kit Sun Chris	Business networking contact and an accredited investor. His participation in the Proposed Issue is for investment purposes.
Chiang Mun Kit Julian	Business networking contact and an accredited investor. His participation in the Proposed Issue is for investment purposes.

- 3.2. Save as disclosed above, to the best of the Company's knowledge, none of the Subscribers have any connections (including business relationships) with the Company, its Directors and substantial Shareholders other than in relation to the Proposed Issue. None of the Subscribers are related to each other.
- 3.3. Save for the Restricted Persons as disclosed in the above table, each of the Subscribers has confirmed that he is not a specified under Rule 812 of the Listing Manual. In addition, the Company confirms that the Proposed Issue will not result in a transfer of controlling interest.
- 3.4. The Subscribers have represented to the Company that each of them are acquiring the Convertible Loan Note and the Warrants as principal.

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- 3.5. The subscription for the Convertible Loan Note by one Subscriber is not inter-conditional on any other Subscriber subscribing for the Convertible Loan Note.
- 3.6. No introductory fees of any kind were paid by the Company and/or its Directors for the Proposed Issue.

4. FINANCIAL EFFECTS OF THE PROPOSED ISSUE

4.1. The financial effects of the Proposed Issue set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Proposed Issue. The financial effects of the Proposed Issue on the Group have been computed based on the latest available audited consolidated financial statements of the Group for the financial year ended 31 March 2023 (“FY2023”) and on the following bases and assumptions:

- (a) the financial effect on the consolidated earnings per Share (“EPS”) of the Group is computed based on the assumption that the Proposed Issue was completed on 1 April 2022; and
- (b) the financial effect on the consolidated net tangible assets (“NTA”) per Share of the Group is computed based on the assumption that the Proposed Issue was completed on 31 March 2023.

4.1.1. EPS

Assuming that: (a) the issue and allotment of the Conversion Shares (arising from full conversion of the Convertible Loan Notes) only; or (b) the issue and allotment of the Placement Shares (arising from full conversion of the Convertible Loan Notes and full exercise of the Warrants), had been completed on 1 April 2022, the effect on the Group’s EPS for FY2023 would have been as follows:

	Before the Issue and Allotment of the Conversion Shares and Warrant Shares	After the Issue and Allotment of the Conversion Shares Only (a)	After the Issue and Allotment of the Conversion Shares and Warrant Shares (b)
(Loss)/Profit after taxation and non-controlling interests (US\$’000)	(2,992)	(2,992)	(2,992)
Weighted average number of Shares (’000)	3,101,178	3,196,678	3,292,178
EPS (US cents)	(0.10)	(0.09)	(0.09)

4.1.2. NTA⁽¹⁾

Assuming that: (a) the issue and allotment of the Conversion Shares (arising from full conversion of the Convertible Loan Notes) only; or (b) the issue and allotment of the Placement Shares (arising from full conversion of the Convertible Loan Notes and full exercise of the Warrants), had been completed on 31 March 2023, the effect on the Group’s NTA per Share as at 31 March 2023 would have been as follows:

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	Before the Issue and Allotment of the Conversion Shares and Warrant Shares	After the Issue and Allotment of the Conversion Shares Only (a)	After the Issue and Allotment of the Conversion Shares and Warrant Shares (b)
NTA attributable to the Shareholders ('\$000)	(2,142)	(1,306)	(330)
Number of Shares	3,242,032,092	3,337,532,092	3,433,032,092
NTA per Share (US cents)	(0.07)	(0.04)	(0.01)

Note:-

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

4.1.3. Net Gearing

Assuming that the issue of the Convertible Loan Notes had been completed on 1 April 2022 and assuming: (a) no issue and allotment of the Conversion Shares had been effected; or (ii) the issue and allotment of the Conversion Shares arising from full conversion of the Convertible Loan Notes, the illustrative financial effects on the net gearing of the Company would have been as follows:

	31 March 2023
<i>As reported:</i>	
Net debt (US\$'000)	4,117
Shareholders' funds ⁽¹⁾ (US\$'000)	5,831
Net gearing ⁽²⁾	0.71
<i>After completion of the issue of the Convertible Loan Notes:</i>	
Net debt (US\$'000)	5,026
Shareholders' funds (US\$'000)	5,831
Net gearing	0.86
<i>After completion of the issue of the Convertible Loan Notes and assuming full conversion of the Convertible Loan Notes:</i>	
Net debt (US\$'000)	4,117
Shareholders' funds (US\$'000)	6,640
Net gearing	0.62

Notes:-

- (1) Shareholders' funds include minority interests.
- (2) Defined as net debt divided by shareholders' funds.

4.1.4. Earnings

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The interest expense in respect of the Convertible Loan Notes prior to any conversion will be at the effective rate of 9.0% per annum, plus amortization of the fair value of the conversion rights recorded on the date of issue. However, it is not possible to quantify the effects of the Convertible Loan Notes on the earnings of the Group until the proceeds from the issue of the Convertible Loan Notes have been fully deployed.

5. RATIONALE FOR THE PROPOSED ISSUE AND USE OF PROCEEDS

The proceeds from the issue of the Convertible Loan Notes of approximately S\$1,241,500 is, after deducting expenses incurred in connection with the Proposed Issue, expected to amount to approximately S\$1.141 million (the “**CLN Net Proceeds**”).

Assuming full exercise of the Warrants, the proceeds from the exercise of the Warrants of approximately S\$1,241,500 is, after deducting expenses incurred in connection with the Proposed Issue, expected to amount to approximately S\$1.2 million (the “**Warrants Net Proceeds**”).

The SPC-Related Business and ADR-Related Business are the twin engines of Growth for the Group. The IDRS services business which is the main revenue driver of the SPC-Related Business is showing encouraging potential and gaining commercial traction. In parallel, the Company also notes that the sales of our proprietary SDR module and ADRS 1000 module, which are both the main revenue drivers of the ADR-Related Business, have been achieving positive levels of success with growing interest from both existing and potential customers. In light of the above, the Company deems it necessary to undertake the Proposed Issue 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 CLN Net Proceeds in the following proportions:

Use of Net Proceeds	Proportion	Amount of Net Proceeds (\$'000)
Repayment of Loans ⁽¹⁾	41%	471
Working Capital for Payroll and Corporate Expenses	36%	414
Working Capital for Materials used in Production	23%	256
Total	100	1,141

Note:-

(1) Such loans comprise: (a) the AIPL Loan of S\$323,000; (b) a loan in the amount of S\$75,000 extended by a business associate; and (c) a loan in the amount of S\$75,000 extended by Lee Loi Sing, an existing Shareholder and a Subscriber, to the Company.

The Company intends to utilise the Warrants Net Proceeds in the following proportions:

Use of Net Proceeds	Proportion (%)	Amount of Net Proceeds (\$'000)
Working capital (payroll, materials, general admin expenses)	100	1,200

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

Total	100	1,200
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The Directors are of the opinion that, after taking into consideration the Group's present banking facilities and the CLN Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

Pending the use of the CLN Net Proceeds and the Warrants Net Proceeds from the Proposed Issue as outlined above, the CLN Net Proceeds and/or the Warrants Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis.

The Company will make periodic announcements as and when the CLN Net Proceeds and/or the Warrants Net Proceeds are materially disbursed and whether the disbursements are in accordance with the use of proceeds as stated in this announcement.

The Company will also provide a status report on the use of the CLN Net Proceeds and/or the Warrants Net Proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation. Where the CLN Net Proceeds and/or the Warrants Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the CLN Net Proceeds and/or the Warrants Net Proceeds have been applied in the Company's announcements and annual report.

Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

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 issue of the Convertible Loan Notes, the Warrants and/or the issue and allotment of the Conversion Shares and/or the Warrant Shares.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Subscription Agreements are available for inspection, strictly by appointment only, at the Company's registered office at 202 Bedok South Ave 1, #01-11, Singapore 469332 for three (3) months from the date of this announcement. To make an appointment, please send request to appointment@addvalue.com.sg.

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 Issue, the Convertible Loan Notes, the Warrants, the Conversion Shares, the Warrant Shares, and 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

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

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 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.

BY ORDER OF THE BOARD

Mr Tan Khai Pang
Chief Executive Officer
13 October 2023