

ADDVALUE TECHNOLOGIES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199603037H)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE - REVISION OF ISSUE PRICE

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Directors**”) of Addvalue Technologies Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s previous announcement made on 30 October 2015 (the “**Previous Announcement**”) in relation to the Company’s proposed undertaking of a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 395,785,271 new ordinary shares of the Company (the “**Shares**”), on the basis of one (1) Rights Share (as defined below) for every three (3) existing Shares held by shareholders of the Company (the “**Shareholders**”) held as at a time and date to be determined by the Directors on which the Register of Members and the Transfer Books of the Company will be closed for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.
- 1.2 Unless otherwise defined in this announcement, all capitalised terms used in this announcement shall have the same meanings and construction as ascribed to them in the Previous Announcement.

2. REVISION OF ISSUE PRICE

- 2.1 Further to the Previous Announcement, the Board wishes to announce that due to recent market conditions, the Issue Price has been revised (“**Issue Price Revision**”) from S\$0.035 to S\$0.031 per Rights Share.
- 2.2 The revised Issue Price of S\$0.031 for each Rights Share represents (i) a discount of approximately 54.7% to the weighted average price of S\$0.0684 for trades done on the SGX-ST on 30 October 2015, being the full market day immediately preceding the Previous Announcement on which Shares were traded on the SGX-ST; and (ii) a discount of approximately 18.64% to the weighted average price of S\$0.0381 for trades done on the SGX-ST on 9 May 2016, being the last market day immediately preceding this announcement on which Shares were traded on the SGX-ST.
- 2.3 The Group will be using the proceeds of the Rights Issue to reduce the indebtedness of the Group as well as for general working capital purposes, including but not limited to the MOU Working Capital Needs and to facilitate the working capital needed pursuant to the distribution contract entered into between Zhongyou Century (Beijing) Communications Co., Ltd. and the Company’s wholly-owned subsidiary, Addvalue Innovation Pte Ltd (“**AVI**”), as announced by the Company on 19 April 2016 (the “**Zhongyou Working Capital Needs**”).
- 2.4 Assuming the Rights Issue is fully subscribed, the net proceeds arising from the Rights Issue based on the revised Issue Price of S\$0.031, after deducting estimated costs and expenses of S\$300,000 relating thereto, are proposed to be used in the following manner:

Use of Proceeds	Amount (S\$)
1. Reducing indebtedness of the Group	5.0 million
2. General working capital purposes (including but not limited to the MOU Working Capital Needs and Zhongyou Working Capital Needs)	7.0 million
Total	12.0 million

- 2.5 Under the terms of the MOU, AVI is partnering with China International Security Solution Corp Ltd to jointly develop and supply satellite communication-based solutions, products and services for the communications needs associated with “the Belt and Road” initiative spearheaded by China. The parties are currently working together to secure projects related to “the Belt and Road” initiative.
- 2.6 Pending the deployment of the net proceeds raised from the Rights Issue, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.
- 2.7 The Company will make periodic announcements on the use of the proceeds from the Rights Issue as and when such proceeds are materially disbursed and will provide a status report on the use of proceeds from the Rights Issue in the annual report(s) of the Company, until such time the proceeds have been fully utilised. The Company will disclose a breakdown with specific details on the use of the proceeds for working capital in announcements and annual reports.
- 2.8 The Directors are of the opinion that, after taking into consideration, the Group's present internal resources, operating cashflows, present bank facilities available to the Group and the net proceeds of the Rights Issue (assuming the Rights Issue is fully subscribed), the working capital available to the Group is sufficient to meet its present requirements
- 3. RECEIPT OF APPROVAL-IN-PRINCIPLE FROM THE SGX-ST**
- 3.1 The Board is pleased to announce that it had on 10 May 2016 received approval-in-principle from the SGX-ST for the listing and quotation of up to 395,785,271 Rights Shares at the revised Issue Price of S\$0.031, subject to the following
- (a) compliance with the SGX-ST's listing requirements;
 - (b) a written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds in the annual report; and
 - (c) a written undertaking from the Company that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any excess Rights Shares.
- 3.2 The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Rights Issue, the Rights Shares, the Company and/or its subsidiaries.

4. UPDATE ON THE PROPOSED DISPOSAL OF ADDVALUE COMMUNICATIONS PTE LTD

The Company wishes to update the Shareholders on the proposed disposal by the Company of its wholly-owned subsidiary, Addvalue Communications Pte Ltd, as announced by the Company on 25 March 2014 (the “**Proposed Disposal**”). As of the date of this announcement, the Company is in negotiations with the buyer for some revisions to the terms of the Proposed Disposal. Shareholders should note that the Proposed Disposal is subject to a number of conditions and there is no assurance that all such conditions will be fulfilled or complied with or that the Proposed Disposal will be completed. The Company will keep shareholders updated of any material developments as and when appropriate.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders has any interests, direct or indirect, in the Rights Issue, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

6. 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 Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the 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 the circular in its proper form and context.

BY ORDER OF THE BOARD

Dr Chan Kum Lok Colin
Chairman and CEO

10 May 2016