
PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF DISCOUNTED AND REDEEMABLE CONVERTIBLE BONDS

1 INTRODUCTION

The Board of Directors (the **"Board"** or **"Directors"**) of Addvalue Technologies Ltd (the **"Company"** and together with its subsidiaries, the **"Group"**) wishes to announce that the Company is proposing a renounceable non-underwritten rights issue pursuant to Section 277 of the Securities and Futures Act 2001 of up to approximately S\$6 million in aggregate principal amount of discounted and redeemable convertible bonds (the **"Rights Convertible Bonds"**) convertible into new ordinary shares in the capital of the Company (**"Shares"**) (the **"Rights Issue"**) (the new Shares to be issued upon conversion of the Rights Convertible Bonds to be referred to as the **"Rights Conversion Shares"**).

2 THE RIGHTS ISSUE

The principal terms of the Rights Issue are as follows:

Principal Terms	Description
Principal Amount of each Rights Convertible Bond	S\$0.20
Issue Price applicable to each Rights Convertible Bond	S\$0.1862 (the "Issue Price"), at a discount of 6.9% to the principal amount of each Rights Convertible Bond, payable in full upon acceptance and/or application.

Principal Terms	Description
Conversion Price	<p>Subject to the adjustments as set out in the terms and conditions of the Rights Convertible Bonds (the “Terms and Conditions”), the initial conversion price at which each Rights Conversion Share will be issued shall be S\$0.0170 (the “Conversion Price”).</p> <p>Please refer to Paragraph 3 of this announcement for further information on the Terms and Conditions.</p>
Conversion at a premium to latest volume weighted average price	<p>Taking into account the Issue Price (which is at a discount of 6.9% to the principal amount of S\$0.20) and the Conversion Price, each Rights Conversion Share is effectively priced at approximately S\$0.0158, i.e., at approximately 5.5% premium to the volume weighted average price of S\$0.0150 per Share for the trades done on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 6 July 2022, being the full market day immediately prior to the date of this announcement on which trades are done .</p> <p>The Conversion Price has been determined by the Board after taking into account the prevailing market price of the Shares and the size and terms of the Rights Issue.</p>
Allotment Ratio	<p>The Rights Convertible Bonds are proposed to be offered on a renounceable basis to Entitled Shareholders (as defined herein) on the basis of one (1) Rights Convertible Bond for every hundred (100) existing Shares held by them on the Record Date (as defined below), fractional entitlements to be disregarded.</p>
Use of Proceeds	<p>The Company intends to use the proceeds for:</p> <ul style="list-style-type: none"> (a) repayment of borrowings; (b) repayment of payables; and (c) working capital needs and for business expansion. <p>Please refer to Paragraph 6 for further information on the use of proceeds.</p>

Principal Terms	Description
Purpose of Rights Issue	<p>The Company is undertaking the Rights Issue to raise funds for the above use of proceeds.</p> <p>Please refer to Paragraph 6 for further information.</p>

3 TERMS AND CONDITIONS OF THE RIGHTS CONVERTIBLE BONDS

The salient Terms and Conditions of the Rights Convertible Bonds are as follows:

Principal Terms	Description
Maturity Date	5 years from the date of issue of the Rights Convertible Bonds (the "Maturity Date"), subject to the Company's right to redeem (in whole or in part) earlier than the Maturity Date at its sole option as stated below.
Coupon	6% per annum on the outstanding principal amount of the Rights Convertible Bonds from (and including) the date of issue of the Rights Convertible Bonds. Interest is payable semi-annually in arrears within 10 business days from every six-month anniversary of the date of issue of the Rights Convertible Bonds.
Form and Denomination	The Rights Convertible Bonds will be constituted by a trust deed to be executed by the Company and will be issued in registered form and in the denomination of S\$0.20 each and integral multiples thereof. The Rights Convertible Bonds will initially be represented by a global certificate registered in the name of, and deposited with, The Central Depository (Pte) Limited ("CDP"). Except in the limited circumstances described in the provisions of the global certificate representing the Rights Convertible Bonds, owners of interests in the Rights Convertible Bonds represented by such global certificate will not be entitled to receive definitive security holdings of Rights Convertible Bonds. The Rights Convertible Bonds which are represented by such global certificate will be transferable only in accordance with the rules and procedures for the time being of CDP.

Principal Terms	Description
Conversion Right	Holders of the Rights Convertible Bonds (the "Bondholders") will have the right to convert their Rights Convertible Bonds into Rights Conversion Shares, credited as fully paid, in accordance with the Terms and Conditions.
Conversion Price	Subject to adjustments as set out in the Terms and Conditions, the initial Conversion Price shall be S\$0.0170.
Conversion Period	Subject to and in compliance with the Terms and Conditions and any applicable fiscal or other laws or regulations, Bondholders may exercise the right to convert their Rights Convertible Bonds, in whole or in part, into Rights Conversion Shares at quarterly intervals, commencing on the date falling three (3) months after the date of issue of the Rights Convertible Bonds, and on the last day of every quarter thereafter (each such date, a "Conversion Date"), provided that, in each case, if such date, then Conversion Date shall fall on the next immediate business day. For the purposes of exercising its right to convert its Rights Convertible Bonds as aforesaid, a Bondholder may serve a conversion notice on the Company at any time during the period of one (1) month immediately prior to each Conversion Date in accordance with the Terms and Conditions.

Principal Terms	Description
Adjustments to Conversion Price	<p>The Conversion Price will be subject to adjustment in certain events, including:</p> <ul style="list-style-type: none"> (a) consolidation or subdivision or reclassification of Shares; (b) the Company issuing any Shares credited as fully paid to shareholders of the Company ("Shareholders") by way of capitalisation of profits or reserves; (c) capital distributions; (d) rights issues of Shares or options over Shares; (e) rights issues of other securities; (f) other issues at less than current market price; (g) modification of rights of conversion, other offers to Shareholders and other events; and (h) if the Company determines that an adjustment should be made or should not be made or that the effective date for the relevant adjustments should be another date, the use by the Company of an independent financial adviser of good repute (acting as expert and not as arbitrator) to determine if the adjustment is fair and reasonable, so as to restore the economic position of the Bondholders after the occurrence of such events or circumstances, to the same position as if the diluting of such events or circumstances had not occurred. <p>The adjustments are determined in accordance with the specified formulas set out in the Terms and Conditions.</p>

Principal Terms	Description
Status of the Rights Convertible Bonds	The Rights Convertible Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Company. The Rights Convertible Bonds shall at all times rank <i>pari passu</i> and rateably without any preference or priority among themselves, and shall (subject to the Terms and Conditions) rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company from time to time outstanding.
Status of the Rights Conversion Shares	The Conversion Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with the existing issued Shares as at the date the relevant Shares are credited to the relevant Bondholder's account with CDP or he is registered as such in the Company's register of members (" Registration Date "), save for any dividends, rights, allotments or other distributions for which the Record Date precedes the relevant Registration Date of the Convertible Bonds, subject to the Terms and Conditions.
Redemption at the Option of the Company	<p>Notwithstanding the Maturity Date, the Rights Convertible Bonds may be redeemed at the sole option of the Company in whole or in part at any time after the third (3rd) anniversary of the date of issue of the Rights Convertible Bonds.</p> <p>In the case of a partial redemption of Rights Convertible Bonds, the Rights Convertible Bonds will be redeemed on a <i>pro-rata</i> basis or selectively by such other method as the trustee shall approve and in such manner as the trustee shall deem to be appropriate and fair.</p>

Principal Terms	Description
Tax Redemption, etc.	The Company may, at any time, having given not less than thirty (30) or more than sixty (60) days' irrevocable notice to the Bondholders, redeem all (and not some only) of the Rights Convertible Bonds at 100% of their principal amount, together with unpaid interest accrued to (but excluding) the date fixed for redemption for taxation reasons (i.e. the Company has or will become obliged to pay additional amount due to change of tax rules in Singapore or other jurisdiction), and in the manner set out in the Terms and Conditions. Other events that may give rise to the Company's right to redeem shall be included and stated in the Terms and Conditions.
Final Redemption	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Rights Convertible Bond at 100% of its principal amount together with interest accrued thereon up to (but excluding) the Maturity Date. The Company shall at least thirty (30) days before the Maturity Date give notice to the Bondholders of the Maturity Date and shall make such announcement as required.
Clearing and Settlement	The Rights Convertible Bonds will be cleared through CDP and represented by a global certificate registered in the name of, and deposited with, CDP as authorised depository.

Principal Terms	Description
Non-tradeability of the Rights Convertible Bonds and the Rights Conversion Shares	<p><u>The Rights Convertible Bonds</u></p> <p>The Rights Convertible Bonds will not be listed and quoted on the Official List of the SGX-ST or any other stock exchange and will, accordingly, not be publicly traded.</p> <p><u>The Rights Conversion Shares</u></p> <p>An application will be made by the Company to the SGX-ST for the dealing in and listing and quotation of the Rights Conversion Shares on the Official List of the SGX-ST, provided that, amongst others, there being an adequate spread of holdings to provide for an orderly market in the trading. An announcement on the outcome of the application will be made in due course.</p>
Governing Law	Singapore Law.

4 **AUTHORITY TO ISSUE THE RIGHTS CONVERTIBLE BONDS AND THE RIGHTS CONVERSION SHARES**

The Rights Convertible Bonds and the Rights Conversion Shares are intended to be issued and allotted pursuant to either the general share issue mandate to issue Shares (the “**Share Issue Mandate**”) to be obtained at the upcoming annual general meeting of the Company for the financial year ended 31 March 2022 or, if required or deemed appropriate or necessary by the Company, pursuant to a specific approval of Shareholders for the issue of the Rights Convertible Bonds and the Rights Conversion Shares to be obtained at an extraordinary general meeting of the Company to be convened.

5 **RATIONALE AND USE OF PROCEEDS**

5.1 **Rationale**

The Board believes that the Rights Issue is in the interest of the Company having considered the overall terms and conditions of the Rights Convertible Bonds. The proceeds raised will be timely to supplement the Group’s internally generated cash flow to meet its on-going financial obligations, in particular, the balance outstanding borrowings and the anticipated additional working capital needed for business

expansion. The Rights Issue will also provide Shareholders with an opportunity to further participate in providing funding to the Company for its operational needs as well as to participate in the equity of the Company through the possible conversion of the Rights Convertible Bonds. The financial position of the Group can be further strengthened in the event the Convertible Bonds are converted into equity, thus extinguishing its redemption obligation.

5.2 Use of Proceeds

The estimated net proceeds from the Rights Issue (after deducting estimated expenses incurred in connection thereto of approximately S\$400,000) is expected to amount to approximately S\$5.60 million (the “**Net Proceeds**”).

The Company intends to deploy the Net Proceeds in the following proportions:

Use of Net Proceeds	Proportion (%)	Amount of Net Proceeds (S\$'000)
Repayment of balance of the borrowings ⁽¹⁾	44.8	2,500
Repayment of payables	17.9	1,000
Working capital of the Group (including materials and testing costs for order fulfillment, marketing and administrative expenses) and for business expansion	37.3	2,100
Total	100.0	5,600

Note:-

- (1) The sum of S\$2.5 million allocated out of the Net Proceeds are intended to repay the balance of the principal amount and interest accrued on a convertible loan note of principal amount S\$3.45 million issued by the Company and subscribed by Mr. Paul Clark Burke on 6 August 2019

- 5.3 Pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets instruments and/or marketable securities, and/or used for

working capital or any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

- 5.4 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the stated use of proceeds and in accordance with the percentage allocation, and provide a status report on the use of the Net Proceeds in the annual report(s) of the Company, until such time such proceeds have been fully utilised. Where the Net Proceeds have been used for general corporate and/or working capital purposes, the Company will also announce and provide a breakdown with specific details on the use of the Net Proceeds in the financial statements and annual reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

6 WORKING CAPITAL

The Directors are of the opinion that after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the present sufficiency of working capital, the Company has decided to undertake the Rights Issue in order to increase resources available to the Company. The Directors are of the opinion that the Rights Issue is beneficial for the Group as this will improve its balance sheet by retiring the balance outstanding borrowings of approximately \$2.5 million, the repayment of approximately \$1 million of payables and to secure the additional working capital needed in anticipation of business expansion of the Group

7 FINANCIAL EFFECTS

The *pro forma* financial effects of the Rights Issue on the Group are prepared based on the latest audited financial statements of the Group (i.e. the audited financial statements for the financial year ended 31 March 2021), and are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the completion of the Rights Issue.

7.1 Share Capital

	As at the date of this announcement	After the completion of the Rights Issue (assuming full conversion of the Rights Convertible Bonds and assuming completion of the Share Subscriptions ⁽¹⁾)
Number of Shares (excluding treasury shares)	3,086,911,975	3,601,094,680

Note:

- (1) "Share Subscriptions" means the proposed subscriptions of a total of 135,120,000 new ordinary shares at an issue price of S\$0.0148 per ordinary share THEG Pte. Ltd. and PY Opulence Investment Pte. Ltd. as announced earlier today by the Company.

7.2 Earnings per Share ("EPS")

Assuming the issue of the Subscription Shares had been completed on 1 April 2020, the effect on the Group's EPS for the financial year ended 31 March 2021 would have been as follows:

	Before the completion of the Rights Issue	After the completion of the Rights Issue (before conversion of the Rights Convertible Bonds but assuming the completion of the Share Subscriptions)	After the completion of the Rights Issue (assuming full conversion of the Rights Convertible Bonds and assuming the completion of the Share Subscriptions)
(Loss) After Taxation and Non-Controlling Interests (US\$'000)	(6,175)	(6,175)	(6,175)
Weighted Average Number of Shares	2,409,885,819	2,545,005,819	2,924,068,524
EPS (US cents)	(0.26)	(0.24)	(0.21)

7.3 Net Tangible Assets ("NTA")⁽¹⁾

Assuming the issue of the Subscription Shares had been completed on 31 March 2021, the effect on the Group's EPS for the financial year ended 31 March 2021 would have been as follows:

	Before the completion of the Rights Issue	After the completion of the Rights Issue (before conversion of the Rights Convertible Bonds) but assuming the completion of the Share Subscriptions	After the completion of the Rights Issue (assuming full conversion of the Rights Convertible Bonds and assuming the completion of the Share Subscriptions)
NTA ⁽¹⁾ attributable to the Shareholders (US\$'000)	(1,779)	(353)	3,958
Number of Shares	3,086,911,975	3,222,031,975	3,601,094,680
NTA per Share (US cents)	(0.06)	(0.01)	0.11

Note:

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

7.4 Net Gearing

Assuming the issue of the Subscription Shares had been completed on 31 March 2021, the effect on the Group's net gearing for the financial year ended 31 March 2021 would have been as follows:

	Before completion of the Rights Issue	After the completion of the Rights Issue (before conversion of the Rights Convertible Bonds but assuming the completion of the Share Subscriptions)	After the completion of the Rights Issue (assuming full conversion of the Rights Convertible Bonds and assuming the completion of the Share Subscriptions)
Total net borrowings (US\$'000)	6,453	6,453	6,453
Total equity (US\$'000)	7,862	9,260	13,253
Net gearing (times) ⁽¹⁾	0.82	0.70	0.49

Note:

(1) Net gearing = (Gross borrowings – Cash)/Total equity.

8 CONDITIONS FOR THE RIGHTS ISSUE

8.1 The Rights Issue is subject to, amongst others, the following:

- (a) the execution of the trust deed constituting the Rights Convertible Bonds;
- (b) receipt of the approval in-principle of the SGX-ST for the dealing in and listing and quotation of the Rights Conversion Shares on the Official List of the SGX-ST having been obtained and not having been withdrawn or revoked as at the date of completion of the Rights Issue;
- (c) the lodgment of the offer information statement (the “**OIS**”) together with all other accompanying documents (if applicable) with the Monetary Authority of Singapore; and

- (d) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been withdrawn or revoked before the completion of the Rights Issue.

- 8.2 The Company will not make any allotment and issue of any Rights Conversion Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

9 ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

Entitled Depositors

- 9.1 Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts ("**Securities Accounts**") with CDP as at the time and date at and on which the Register of Members and the Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Convertible Bonds ("**Rights**") of Entitled Shareholders under the Rights Issue (the "**Record Date**") and (a) whose registered addresses with CDP are in Singapore as at the Record Date, or (b) who have, at least three (3) market days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents. Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP.
- 9.2 Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least three (3) market days before the Record Date.

Entitled Scripholders

- 9.3 Entitled Scripholders are Shareholders whose share certificates have not been deposited with CDP as well as transferees who have tendered to KCK CorpServe Pte. Ltd., the share registrar of the Company (the "**Share Registrar**"), registrable transfers of their Shares and the certificates relating thereto for registration up to the Record Date and (a) whose registered addresses with the Company are in Singapore as at the Record Date, or (b) who have, at least three (3) market days prior to the Record Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents. Except in the limited circumstances described in the provisions of the global certificate representing the Rights Convertible Bonds registered in the name of,

and deposited with, CDP, owners of interests in the Rights Convertible Bonds represented by such global certificate will not be entitled to receive definitive security certificates in respect of their individual holdings of Rights Convertible Bonds. Accordingly, Entitled Scripholders who wish to participate in the Rights Issue must open Securities Accounts if they have not already done so and deposit their share certificates with CDP prior to the Record Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Convertible Bonds. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the 12th market day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered Singapore mailing addresses with the Share Registrar.

- 9.4 Entitled Scripholders are reminded that any request to the Share Registrar to update their records or effect any change in address must reach the Share Registrar, KCK Corpserve Pte. Ltd., at 24 Raffles Place, #07-07 Clifford Centre, Singapore 048621, at least three (3) market days before the Record Date.

Entitled Shareholders

- 9.5 Entitled Depositors and Entitled Scripholders (collectively, "**Entitled Shareholders**") will be eligible to participate in the Rights Issue and to receive the OIS together with the application and acceptance form for provisional allotments of Rights Convertible Bonds and excess Rights Convertible Bonds (the "**ARE**") or the provisional allotment letter (the "**PAL**"), as the case may be, and other accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the OIS, the product highlights sheet and the ARE may obtain them from CDP or the Share Registrar during the period from the date the Rights Issue commences up to the closing date. Entitled Scripholders who do not receive the OIS, the product highlights sheet and the PAL for the Rights Issue may obtain them from the Share Registrar during the period from the date the Rights Issue commences up to the closing date.
- 9.6 Entitled Shareholders will be provisionally allotted entitlements to the Rights Convertible Bonds under the Rights Issue on the basis of their shareholdings in the Company as at the Record Date. They are at liberty to accept (in full or in part), decline, renounce (in the case of their Rights) or, in the case of Entitled Depositors only, trade on SGX-ST under the book-entry (scripless) settlement system (during the provisional allotment trading period prescribed by SGX-ST) their Rights, and are eligible to apply for additional Rights Convertible Bonds in excess of their Rights. All dealings in and transactions (including transfers) of the Rights Convertible Bonds effected through SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for

Operation of Securities Account with The Central Depository (Pte) Limited" and the terms and conditions contained in the CDP Application Form, as the same may be amended from time to time, copies of which are available from CDP.

- 9.7 All fractional entitlements to the Rights Convertible Bonds will be disregarded in arriving at the provisional allotments of Entitled Shareholders and will, together with provisional allotments which are not taken up for any reason, be used to satisfy applications for excess Rights Convertible Bonds or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company. In the allotment of excess Rights Convertible Bonds, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of Directors of the Company, will rank last in priority for the rounding of odd lots and the allotment of excess Rights Convertible Bonds.
- 9.8 The procedures for, and the terms and conditions applicable to, acceptance, excess application and payment will be set out in the OIS and the accompanying documents to be despatched by the Company to Entitled Shareholders in due course.
- 9.9 The Rights Convertible Bonds will not be listed and quoted on the Official List of the SGX-ST or any other stock exchange. As such, Bondholders will not be able to trade their Rights Convertible Bonds on the SGX-ST. However, if a Bondholder were to exercise his right, subject to the Terms and Conditions, to convert his Rights Convertible Bonds into Rights Conversion Shares, such Rights Conversion Shares will be listed and quoted as well as publicly traded on the Main Board of SGX-ST.

Foreign Shareholders

- 9.10 For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights will not be offered to Shareholders with registered addresses outside Singapore as at the Record Date and who have not provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents at least three (3) market days prior to the Record Date ("**Foreign Shareholders**"). No Rights will be offered to Foreign Shareholders and no purported acceptance or application for Rights Convertible Bonds by Foreign Shareholders will be valid.
- 9.11 If it is practicable to do so, arrangements may, at the absolute discretion of the Company, be made for the entitlements to Rights Convertible Bonds which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-

paid" on SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Convertible Bonds commence. Such sales will, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales after taking into account expenses to be incurred in relation thereto. The net proceeds arising from such sales will be dealt with in the manner described in the OIS.

- 9.12 Where such Rights are sold "nil-paid" on SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in respect of such sales or the proceeds thereof, the provisional allotments or the Rights Issue Bonds represented by such provisional allotments.
- 9.13 If such Rights cannot be sold or are not sold on SGX-ST as aforesaid for any reason by such time as SGX-ST shall have declared to be the last day for trading of the Rights, the Rights Convertible Bonds represented by such provisional allotments will be issued to satisfy applications for excess Rights Convertible Bonds (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder or persons acting to the account or benefit of any such person shall have any claim whatsoever against the Company, CDP, the Share Registrar and/or their respective officers in connection therewith.

10 PREVIOUS EQUITY FUND RAISING

2022 Fundraising Exercise

- 10.1 In 2021 and 2022, the Company undertook a fund raising exercise (the "**2022 Fundraising Exercise**") that secured conditional commitments from new investors, Directors, employees and business associates to subscribe for a total of 433,010,000 new Shares at an issue price of S\$0.0127 per Share, raising total net proceeds of approximately S\$5.2 million (after deducting expenses incurred in connection with such allotment and issue of approximately S\$0.3 million) (the "**Committed Subscriptions**", which comprises the EDIS Shares (as defined below), the Investor Shares (as defined below) and the Directors-Employees-Business Associates Shares (as defined below)). In addition, rights to subscribe for up to 610,240,000 new Shares at the same issue price of S\$0.0127 per Share had been granted in the form of subscription rights and warrants issued free of payment to the new investors, such subscription rights and warrants when exercised in full will raise additional net proceeds of approximately S\$7.4 million (after deducting expenses incurred in

connection with such allotment and issue of approximately S\$0.35 million) (the **"Optional Subscriptions"**, which comprises the EDIS Optional Subscription Right (as defined below), the Warrants (as defined below) and the CKK Optional Subscription Right (as defined below)). The 2022 Fundraising Exercise comprised:

- (a) the placement of 78,700,000 new Shares to EDIS (the **"EDIS Shares"**), raising gross proceeds of S\$999,490. The EDIS Shares were issued on 6 January 2022;
- (b) the grant of the right to EDIS to subscribe for up to a further 315,000,000 new Shares (the **"EDIS Optional Subscription Right"**) to raise gross proceeds of up to S\$4,000,500 (assuming exercise of the EDIS Optional Subscription Right in full). As of the date of this announcement, the EDIS Optional Subscription Right has been partially exercised for gross proceeds of S\$1,498,600 and 118,000,000 new Shares were issued to EDIS pursuant to such partial exercise on 31 May 2022;
- (c) the placement of 185,240,000 new Shares (the **"Investor Shares"**) and 185,240,000 new warrants (issued free of payment) (the **"Warrants"**) convertible into up to 185,240,000 new Shares to a group of investors, raising gross proceeds of S\$2,352,548 and further gross proceeds of up to S\$2,352,548 (assuming exercise of the warrants in full). The Investor Shares and Warrants were issued on 6 January 2022 and as of the date of this announcement, the Warrants have been fully exercised and 98,740,000, 24,000,000, 42,500,000 and 20,000,000 new Shares pursuant to such exercise have been issued on 7 June 2022, 27 April 2022, 22 April 2022 and 20 April 2022 respectively;
- (d) the grant of the right to Mr. Cheng Kwee Kiang to subscribe for up to 110,000,000 new Shares (the **"CKK Optional Subscription Right"**) to raise gross proceeds of up to S\$1,397,000 (assuming exercise of the CKK Optional Subscription Right in full). As of the date of this announcement, the CKK Optional Subscription Right has been partially exercised on 7 July 2022 pursuant to which 90,000,000 new Shares were issued to Cheng Kwee Kiang and gross proceeds of S\$1,143,000 have been raised; and
- (e) the placement of 169,070,000 new Shares to certain Directors, employees and business associates of the Group (the **"Directors-Employees-Business Associates Shares"**), raising gross proceeds of S\$2,147,189. The Directors-Employees-Business Associates Shares were issued on 10 May 2022.

- 10.2 As of the date of this announcement, S\$5.2 million of the net proceeds from the Committed Subscriptions have been fully utilized for the intended purposes in the intended proportions, being (1) for repayment of borrowings; (2) for payment of payables; and (3) for working capital of the Group (including materials and testing costs, marketing and administrative expenses) and for business expansion.
- 10.3 As of the date of this announcement, the Company has raised net proceeds of S\$5.00 million from the Optional Subscriptions. As of the date of this announcement, S\$4.60 million of the net proceeds from the Optional Subscriptions have been used for the intended purposes, being (1) for repayment of borrowings; (2) for payment of payables; and (3) for working capital of the Group (including materials and testing costs, marketing and administrative expenses) and for business expansion. The unutilised net proceeds of S\$0.40 million from the Optional Subscriptions are expected to be used for working capital of the Group ((including materials and testing costs, marketing and administrative expenses) and business expansion).
- 10.4 As announced earlier today, the Company has also entered into subscription agreements with THEG Pte. Ltd. and PY Opulence Investment Pte. Ltd. in connection with the proposed subscription of a total of 135,120,000 new ordinary shares at an issue price of S\$0.0148 per ordinary share raising gross proceeds of S\$1,999,776. Further details on the aforesaid subscriptions can be found in the announcement made today by the Company, a copy of which is accessible via www.sgx.com.

11 GENERAL INFORMATION

- 11.1 The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem appropriate. The final terms and conditions of the Rights Issue together with copies of the ARE or the PAL, as the case may be, will be contained in the OIS which will be lodged with the Monetary Authority of Singapore, and despatched to Shareholders in due course.
- 11.2 As a result of the Rights Issue, adjustments may be made to the number and/or exercise price or exchange price or conversion price of the outstanding convertibles of the Company. The Company will in due course make the relevant announcements and notify holders of these convertibles of such adjustments.

12 TAKE-OVER IMPLICATIONS

- 12.1 The Singapore Code on Take-overs and Mergers (the "**Take-over Code**") regulates the acquisition of voting shares of, among others, corporations with a primary listing on

SGX-ST, including the Company. Under Rule 14.1 of the Take-over Code, except with the consent of the Securities Industry Council of Singapore, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1% of the voting rights,

such person must extend a take-over offer immediately to the Shareholders for the remaining shares in the Company in accordance with the provisions of the Take-over Code.

In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

In general, the acquisition of instruments convertible into new shares which carry voting rights does not give rise to an obligation to make a mandatory take-over offer under the Take-over Code. However, the exercise of any conversion rights will be considered to be an acquisition of voting rights for the purpose of the Take-over Code (including Rule 14.1 of the Take-over Code).

- 12.2 The Company will **not** be making an application to the Securities Industry Council of Singapore to seek a waiver of the obligation of any Shareholder to make a mandatory take-over offer under Rule 14 of the Take-over Code as a result of the conversion of the Rights Convertible Bonds into Rights Conversion Shares. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any conversion of Rights Convertible Bonds into Rights Conversion Shares should consult the Securities Industry Council of Singapore and/or their professional advisers.

13 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement in respect of a portion of the Net Proceeds being intended to be used to repay the balance outstanding loan given by Mr. Paul Clark Burke to the Company by way of the above-mentioned convertible loan note of

principal amount S\$3.45 million, none of the Directors and substantial Shareholders, as well as their respective associates, have 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.

14 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 Rights Convertible Bonds, 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 announcement in its proper form and context.

15 CAUTIONARY STATEMENT

The completion of the Rights Issue is subject to certain conditions. As of the date of this announcement, there is no certainty or assurance that the Rights Issue will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors 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 or trading in the securities of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

16 FORWARD LOOKING STATEMENTS

Some of the statements in this announcement constitute "forward-looking statements" that do not directly or exclusively relate to historical facts. These forward-looking statements reflect the Group's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the Group's control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and factors such as general economic and business conditions. Because actual results

could differ materially from the Group's intentions, plans, expectations, assumptions and beliefs about the future and any negative impacts arising from these issues will affect the performance of the Group's businesses, undue reliance must not be placed on these statements.

17 FURTHER ANNOUNCEMENTS

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

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Executive Chairman
7 July 2022

Appendix: Illustration of Shareholders' entitlement of Rights Convertible Bonds and subscription amount under the Rights Issue:

Number of Shares owned	No of Rights Convertible Bond entitlement	Principal amount payable on the Rights Convertible Bonds (S\$)	Rights Convertible Bond Subscription amount after 6.9% discount (S\$)
100	1	0.20	0.1862
1,000	10	2.00	1.8620
10,000	100	20.00	18.6200
100,000	1,000	200.00	186.2000
1,000,000	10,000	2,000.00	1,862.0000