
**INVESTMENT BY AN INVESTOR
BY WAY OF SUBSCRIPTION OF EXCHANGEABLE BONDS
ISSUED BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY**

As part of the continuing efforts of Addvalue Technologies Ltd (“**AVT**” or the “**Company**”) and its subsidiaries (the “**Group**”) to research and develop products, services and solutions relating to space resilient technologies, including but not limited to, the development of technologies relating to Inter-Satellite Data Relay System (the “**IDRS Technologies**”) and products deploying such IDRS Technologies as well as managing the related intellectual properties (“**IP**”), the Company has from time to time been sourcing for investors who are interested in the Group’s Inter-Satellite Relay System (“**IDRS**”) business which will be housed in Addvalue Solutions Pte Ltd (“**AVS**”), a wholly-owned subsidiary of Addvalue Innovation Pte Ltd (“**AVI**”).

The board of directors (the “**Board**”) of the Company is pleased to inform shareholders of the Company (the “**Shareholders**”) that it has entered into an agreement with Ms Audrey Hing Zeng Min (the “**Investor**”), a Singapore resident who is not related to any member of the Board of Directors or substantial shareholders of the Company, pursuant to which the Investor has agreed to invest S\$1.5 million by way of a subscription of 1,500,000 exchangeable bonds of S\$1.00 each to be issued by AVI, and, in the event that AVS procures a listing and quotation of its shares on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or AVS (or its undertakings or substantially the whole of its undertakings) are being acquired by a third party through a trade sale (the “**Proposed Spin-Off or Sales**”), such bonds being exchangeable into a certain number of new shares to be issued out of the capital of AVS (the “**Investment**”).

Accordingly, AVI and the Investor have entered into a definitive agreement, with the following key terms and conditions:

1. Subscription : 1,500,000 exchangeable bonds of S\$1.00 each (“**Bonds**” and each, a “**Bond**”)
2. Issue Price : S\$1.00 per Bond.
3. Coupon : 5% per annum, compounded annually and payable in full on the Maturity Date, except that in the event of the Proposed Spin-Off or Sales taking place, all interest accrued on the Bonds shall then be deemed to have been waived by the Investor.
4. Maturity Date : Unless mutually agreed to be extended, the date falling 18 months from the date of issue of the Bonds (the “**Maturity Date**”). Except where the Bond Exchange (as hereinafter defined) takes place pursuant to paragraph 6 below, the Bonds shall on the Maturity Date be redeemed by AVI in cash and in Singapore

dollars for an amount equal to 1.1 times the principal amount of the Bonds plus any and all interest accrued thereon and remaining unpaid.

5. Use of Proceeds : The entire proceeds from the issuance of the Bonds shall be used for the working capital of the Group. The Company will upon a material disbursement of the proceeds and periodically disclose to the Shareholders the use of proceeds by way of further announcements.
6. Exchangeability : The principal amount of the Bonds shall, in the event of the Proposed Spin-Off or Sales, be exchangeable for a certain number of new ordinary shares to be issued out of the capital of AVS (the “**Bond Exchange**”). In this regard, if the Company procures the Proposed Spin-Off or Sales within six months after the Maturity Date, the Investor shall be entitled to revoke the redemption of the Bonds and participate in the Bond Exchange.

The total number of new ordinary shares of AVS to be issued to the Investor upon the Bond Exchange will be computed as follows:

Exchanged Shares = Principal of Bonds / Exchange Price,

where:

Exchange Price = (1 – 40%) * IPO price per share of AVS,

where:

IPO price per share of AVS = [(IPO Valuation – Gross proceeds to be raised from the issue of new shares of AVS pursuant to the Proposed Spin-Off or Sales – Securities raised prior to the Proposed Spin-Off or Sales on a fully diluted basis – Principal of Bonds / (1 - 40%)] / Existing number of shares of AVS prior to the Bond Exchange and the Proposed Spin-Off or Sales,

where:

IPO Valuation = The valuation of AVS immediately after the Proposed Spin-Off or Sales, taking into account of the Bond Exchange and the gross proceeds from the issuance of new shares of AVS pursuant to the Proposed Spin-Off or Sales or the price paid by a third party buyer to acquire AVS pursuant to the Proposed Spin-Off or Sales

7. Guarantee : The Company is required to issue a corporate guarantee in favour of Investor as security for payments under the Bonds.
8. Ranking : The Bonds shall rank above the ordinary shares of AVI in liquidation preference in a liquidation event. The payment obligations of AVI in respect of the Bonds, save as may be provided otherwise by any mandatory provisions of applicable

law, shall rank only behind the secured creditors of AVI and at least *pari passu* with all existing and future direct, senior, unsubordinated, unconditional and unsecured obligations of AVI.

The Company is currently in discussions and/or legal document review stage with other potential investors for additional funds to be raised in a manner akin to the Investment and based largely on the same terms and conditions as the Investment.

IMPORTANT NOTE:

Shareholders are to note that while the Group is committed to grow the IDRS business as well as the spin-off of AVS for listing and quotation of its shares on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”), there is no assurance that the spin-off will be successful or that AVS will be acquired by a third party. Hence, Shareholders are advised to exercise caution when dealing in the securities of the Company. Shareholders are further advised to refrain from taking any action in relation to their securities which may be prejudicial to their interests, and to seek appropriate advice from their brokers, bankers, lawyers and other professional advisers.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Chairman and CEO

3 July 2018