

UPDATE ON THE EXPIRY OF THE EDIS OPTIONAL SUBSCRIPTION RIGHT

- RESPONSE TO QUERY RECEIVED FROM SHAREHOLDER

1 INTRODUCTION

- 1.1 The board of directors (the **"Board"** or **"Directors"**) of Addvalue Technologies Ltd (the **"Company"** and together with its subsidiaries, the **"Group"**) refers to the Company's announcements on 5 December 2021, 28 March 2022, 8 April 2022, 24 April 2022, 29 April 2022, 30 May 2022 and 27 September 2022 (the **"EDIS Optional Subscription Previous Announcements"**) in relation to, *inter alia*, the entry by the Company into an optional subscription agreement (the **"EDIS Optional Subscription Agreement"**) with Economic Development Innovations Singapore Pte. Ltd. (**"EDIS"**), pursuant to which EDIS had been granted the right to subscribe (the **"EDIS Optional Subscription Right"**) for up to 315,000,000 new Shares (the **"EDIS Optional Subscription Shares"**) at an issue price of S\$0.0127 per EDIS Optional Subscription Share. The Board further refers to the results of the extraordinary general meeting held on 29 April 2022 which were announced by the Company on the same date, where the ordinary resolutions relating to, *inter alia*, the grant of the EDIS Optional Subscription Right and the issue and allotment of the EDIS Optional Subscription Shares were duly passed.
- 1.2 The Board further refers to the Company's announcements on 7 July 2022, 14 July 2022, 5 September 2022, 26 September 2022, 30 September 2022, 11 October 2022 and 2 November 2022 (in relation to the Rights Issue (the **"Rights Issue Previous Announcements"**)).
- 1.3 Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the EDIS Optional Subscription Previous Announcements and the Rights Issue Previous Announcements (as the case may be).

2 QUERY FROM SHAREHOLDER

- 2.1 The Company has received a query from a shareholder querying as to whether EDIS had fully exercised the EDIS Optional Subscription Right prior to the expiry date of the EDIS Optional Subscription Right on 29 October 2022. To provide parity of information to shareholders, the Company is making this announcement to provide an update to shareholders on the status of the EDIS Optional Subscription Right.

2.2 As announced in the EDIS Optional Subscription Previous Announcement on 27 September 2022, the EDIS Optional Subscription Right had expired on 29 October 2022.

2.3 EDIS had not fully exercised the EDIS Optional Subscription Right for the balance 197,000,000 EDIS Optional Subscription Shares, and had requested for an extension to the EDIS Optional Subscription Right for, *inter alia*, the following reasons:

- a) EDIS had, as an Undertaking Shareholder under the Rights Issue, undertaken to subscribe and pay in full for its *pro rata* entitlement under the Rights Issue as well as any rights that are not subscribed for at the close of the Rights Issue up to a total amount of S\$2 million (the “**EDIS Irrevocable Undertaking**”), and had extended a loan of principal amount of S\$2 million on and subject to the principal terms as described in the Rights Issue Previous Announcement on 14 July 2022 (the “**EDIS Loan**”). It was also provided that EDIS had agreed to allow the Company to set off the principal amount of the EDIS Loan against the consideration payable for any amount due under the EDIS Irrevocable Undertaking. The Company wishes to note that both the EDIS Irrevocable Undertaking and the EDIS Loan were provided by EDIS at the request of the Company. The Company views the EDIS Irrevocable Undertaking as beneficial to the Company to give assurance to minority shareholders and management of the Company of the successful completion of the Rights Issue as well as the financial support of EDIS (together with some other key stakeholders who have also given loans in light of EDIS’ aforesaid commitments) to meet the immediate working capital requirements of the Company; and
- b) EDIS had to divert funds that had originally been earmarked for the potential exercise of the EDIS Optional Subscription Right to fulfil its commitment under the EDIS Irrevocable Undertaking.

Accordingly, EDIS had requested for additional time to allow it to re-allocate or raise additional funding to exercise the EDIS Optional Subscription Right.

2.4 The Company has considered EDIS’ request, and has also considered, *inter alia*, the following:

- a) the Company and shareholders, as a whole, have benefited from the financial support provided by EDIS to the Company, including the EDIS Irrevocable Undertaking and the EDIS Loan;
- b) EDIS has indicated to the Company that it will need to take into consideration how much of the S\$2 million is required to pay for the Convertible Bonds allocated to EDIS pursuant to the Rights Issue before it would be in a position to decide on whether to exercise the EDIS Optional Subscription Right. In view of the Rights Issue timetable, in particular the Closing Date for the Rights Issue of 28 October 2022, there would be

insufficient time for EDIS to make such decision prior to the expiry date of the EDIS Optional Subscription Right on 29 October 2022; and

- c) EDIS has expressed to the Company that it had earmarked and 'locked away' the S\$2 million as soon as the EDIS Irrevocable Undertaking had been given on or about 9 July 2022, which meant that EDIS would have essentially lost a total of 111 days of the option period to exercise the EDIS Optional Subscription Right, given that the Closing Date for the Rights Issue was on 28 October 2022. EDIS has thus gained no additional advantage by virtue of the extension of time for the exercise of the EDIS Optional Subscription Right as EDIS would have no more than received back the equivalent of the time that it could not exercise its rights as holder of the EDIS Optional Subscription Right.

2.5 For, *inter alia*, the reasons stated above, the Company has made an application to the SGX-ST for an extension of the EDIS Optional Subscription Right on the following principal terms:

- a) the extension of the EDIS Optional Subscription Right will be subject to the approval of shareholders to be obtained at an extraordinary general meeting to be convened as soon as practicable, with EDIS and its associates abstaining from voting on such approval;
- b) the extension of the EDIS Optional Subscription Right shall be for a period of three (3) months but shall under no circumstances be longer than the period for which EDIS is deprived of the use of the funds that were used to extend the EDIS Loan on account of the EDIS Irrevocable Undertaking (the "**Extension Period**");
- c) the Extension Period for the exercise of the EDIS Optional Subscription Right will commence immediately after the grant of approval by shareholders and will expire on the last day of the Extension Period;
- d) pending the outcome of shareholders' vote on the approval of the extension of the EDIS Optional Subscription Right, EDIS shall not exercise the EDIS Optional Subscription Right or, if exercised, EDIS agrees that the Company has no obligation to issue any EDIS Optional Subscription Shares until and unless shareholders have granted their approval for the extension; and
- e) the terms of the EDIS Optional Subscription Right shall remain the same (save for the extended period for the exercise of the EDIS Optional Subscription Right, if approved).

- 2.6 As of the date of this announcement, the application made by the Company to the SGX-ST for the extension of the EDIS Optional Subscription Right is currently under review by the SGX-ST.
- 2.7 Further announcements will be made by the Company in relation to the results of the application made by the Company to the SGX-ST for the extension of the EDIS Optional Subscription Right as and when appropriate.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Executive Chairman
3 November 2022