
PLACEMENT OF 266,666,600 NEW ORDINARY SHARES AT AN ISSUE PRICE OF S\$0.0225 PER SHARE AND CONDITIONAL GRANT OF SHARE OPTIONS EXERCISABLE INTO UP TO 444,444,400 NEW ORDINARY SHARES AT AN EXERCISE PRICE OF S\$0.0225 PER SHARE

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**”) of Addvalue Technologies Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has on 12 December 2019 entered into a subscription agreement (the “**Subscription Agreement**”) for the issue and allotment of 266,666,600 new ordinary shares (the “**Subscription Shares**”) in the capital of the Company (“**Shares**”) at an issue price of S\$0.0225 per Subscription Share (the “**Issue Price**”) and the grant of the conditional right (the “**Share Options**”) to require the Company to issue and allot up to an additional 444,444,400 new Shares (the “**Option Shares**”) at an exercise price of S\$0.0225 per Option Share with Bright Star Tech Pte. Ltd. (the “**Subscriber**”).

Subscription Shares as % of the Existing Share Capital ⁽¹⁾	Subscription Shares and Maximum Number of Option Shares as % of the Existing Share Capital ⁽²⁾	Subscription Shares as % of the Enlarged Share Capital ⁽³⁾	Subscription Shares and Maximum Number of Option Shares as % of the Further Enlarged Share Capital ⁽⁴⁾	Subscription Shares and Maximum Number of Option Shares as % of the Maximum Enlarged Share Capital ⁽⁵⁾
14.26	38.02	12.48	27.55	25.61

Notes:-

- (1) Based on the existing issued and paid-up share capital of the Company as at the date of this announcement comprising 1,870,441,084 Shares (the “**Existing Share Capital**”).
- (2) Based on the Existing Share Capital.
- (3) Based on the enlarged issued and paid-up share capital of the Company following the issue and allotment of the Subscription Shares only comprising 2,137,107,684 Shares (the “**Enlarged Share Capital**”).
- (4) Based on the further enlarged issued and paid-up share capital of the Company following the issue and allotment of the Subscription Shares and the issue and allotment of the maximum number of Option Shares comprising 2,581,552,084 Shares (the “**Further Enlarged Share Capital**”).
- (5) Based on the maximum enlarged issued and paid-up share capital of the Company following the issue and allotment of the Subscription Shares and the issue and allotment of the maximum number of Option Shares and assuming: (i) the issue and allotment of 150,000,000 new Shares to Paul Clark Burke (the “**PCB Conversion Shares**”) on conversion of the entire convertible loan note in the principal amount of S\$3.45 million (assuming conversion price of S\$0.023 per Share) pursuant to the subscription agreement dated 28 June 2019; and (ii) the issue and allotment of 45,000,000 new Shares to Wang Yu Huei (the “**WYH Conversion Shares**”) on conversion of the S\$2.475 million outstanding under a convertible loan note (assuming a conversion price of S\$0.055 per Share) pursuant to the subscription agreement dated 28 April 2017, comprising 2,776,552,084 Shares (the “**Maximum Enlarged Share Capital**”).

- 1.2. As disclosed in Paragraph 1.1 above, the conditional grant to the Subscriber of the Share Options which are exercisable into up to 444,444,400 Option Shares, when taken together with the issue and allotment of all the Subscription Shares, may result in a transfer of a controlling interest in the Company. Therefore, the vesting of the Share Options and the issue and allotment of the Option Shares (on exercise of the Share Options) shall be subject to the specific approval of the shareholders (“**Shareholders**”) of the Company (the “**Specific Shareholders’ Approval for the Share Options and the Option Shares**”) to be obtained at a general meeting to be convened no later than 31 March 2020 or such other date as the parties may mutually agree (the “**Share Options Long Stop Date**”). The Subscriber shall abstain, and shall procure that its associates abstain, from voting on the resolution.
- 1.3. Both the Issue Price and the Exercise Price represent a discount of approximately 10% to the weighted average price (“**VWAP**”) for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the full market day on which the Subscription Agreement was signed. The VWAP is S\$0.025 per Share.

2. THE SUBSCRIPTION SHARES AND THE OPTION SHARES

2.1. Issue and Allotment of the Subscription Shares

- 2.1.1. Subject to the terms and conditions of the Subscription Agreement, the Company agrees to allot and issue to the Subscriber, and the Subscriber agrees to subscribe for, 266,666,600 Subscription Shares at the Issue Price for an aggregate consideration of S\$6 million. The subscription shall take place in two equal tranches (the first tranche being the “**Tranche A Subscription**”, and the second tranche being the “**Tranche B Subscription**”).
- 2.1.2. On or before 26 December 2019 or such later date as the parties may mutually agree, the Subscriber shall pay S\$3 million (or such lesser amount as the parties may mutually agree) to the Company and such sum shall form part of the aggregate subscription amount payable by the Subscriber for the Tranche A Subscription Shares, the non-payment of which shall entitle the Company to terminate the Subscription Agreement.
- 2.1.3. Subject to the terms and conditions of the Subscription Agreement (including but not limited to the satisfaction and/or waiver (as the case may be) of the relevant conditions precedent), the Tranche A Subscription shall be completed on 26 December 2019 or the date on which all the relevant conditions precedent are satisfied and/or waived (as the case may be), whichever is later, and the Tranche B Subscription shall be completed by 12 March 2020 or such later date as the parties may mutually agree.

2.2. Issue and Allotment of the Option Shares on Exercise of the Share Options

- 2.2.1. In consideration of the Subscriber subscribing for the Subscription Shares, subject to the terms and conditions of the Subscription Agreement, the Company agrees to further conditionally grant to the Subscriber the Share Options which are exercisable at the Exercise Price into up to 444,444,400 Option Shares for an aggregate exercise price of S\$10 million. The grant of the Share Options and the issue and allotment of the Option Shares (on exercise of the Share Options) are subject to the following terms and conditions:
 - (a) the vesting of the Share Options and the issue and allotment of the Option Shares (on exercise of the Share Options) shall be subject to the Specific Shareholders’ Approval for the Share Options and the Option Shares to be obtained at a general meeting of the Company to be convened no later than the Share Options Long Stop Date;

- (b) the Share Options shall not be listed and quoted on any stock exchange and shall not be transferred (and the rights attached thereto shall not be assigned) without the prior written consent of the Company;
- (c) if the Company shall: (i) make a stock split; (ii) consolidate its outstanding Shares into a smaller number of shares; or (iii) re-classify any of its Shares into other securities of the Company, then the Exercise Price shall be adjusted in accordance with the terms and conditions of the Subscription Agreement. Save as aforementioned, the Exercise Price and the number of Option Shares to be allotted and issued to the Subscriber on exercise of the Share Options shall not be subject to any adjustment;
- (d) the Share Options shall vest and be immediately exercisable from the date on which the Specific Shareholders' Approval for the Share Options and the Option Shares is obtained (the "**Share Options and Option Shares Shareholders' Approval Date**"). For the avoidance of doubt, in the event that the Specific Shareholders' Approval for the Share Options and the Option Shares is not obtained by the Share Options Long Stop Date, all the Share Options conditionally granted under the Subscription Agreement shall lapse and none of them shall be exercisable;
- (e) the exercise of the Share Options shall take place in two tranches (the first tranche being the "**First Tranche Share Options**" and the second tranche being the "**Second Tranche Share Options**") and the aggregate exercise price for the First Tranche Share Options shall not be less than S\$5 million. The First Tranche Share Options shall be exercised no later than one month from the Share Options and Option Shares Shareholders' Approval Date or 30 April 2020, whichever is later (the "**First Expiry Date**"), and the Second Tranche Share Options shall be exercised no later than one month after the date on which the resultant allotment and issue of the Option Shares arising from the exercise of the First Tranche Share Options is completed (the "**Second Expiry Date**"). The expiry of the First Tranche Share Options and the Second Tranche Share Options shall be announced on SGXNET and notice of expiry shall be sent to the Subscriber at least one (1) month prior to the relevant expiry date;
- (f) in the event that the First Tranche Share Options are not exercised by the First Expiry Date, the First Tranche Share Options and the Second Tranche Share Options shall lapse and none of the Share Options shall be exercisable;
- (g) in the event that the Second Tranche Share Options are not exercised by the Second Expiry Date, the Second Tranche Share Options shall lapse and none of the Second Tranche Share Options shall be exercisable;
- (h) the Subscriber may exercise the Share Options by delivering written notice of exercise to the Company ("the **Exercise Notice**") together with evidence of payment of the relevant aggregate exercise price in respect of the Option Shares to be allotted and issued to the Subscriber; and
- (i) any material alterations to the terms of the Share Options after issue to the advantage of the Subscriber shall be subject to specific Shareholders' approval except where the alterations are made pursuant to the terms of the issue.

2.2.2. Subject to the terms and conditions of the Subscription Agreement (including but not limited to the satisfaction and/or waiver of the relevant conditions precedent), completion of the exercise of the First Tranche Share Options and/or completion of the exercise of the Second

Tranche Share Options shall take place three business days after the Company receives the relevant Exercise Notice or such other date as the parties may mutually agree.

2.3. **Nature of the Subscription Shares and the Option Shares**

The Subscription Shares and the Option Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to existing Share(s) except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the relevant completion date.

2.4. **Authority to Issue the Subscription Shares and the Option Shares**

2.4.1. The 266,666,600 Subscription Shares are intended to be allotted and issued pursuant to the general share issue mandate (the "**General Share Issue Mandate**") obtained at the annual general meeting of the Company held on 31 July 2019 (the "**2019 AGM**").

2.4.2. The General Share Issue Mandate authorises the directors of the Company (the "**Directors**") to, *inter alia*, issue Shares whether by way of rights, bonus or otherwise, 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, "**Instruments**") and issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues, provided that the aggregate number of Shares to be issued pursuant to the General Share Issue Mandate (including Shares to be issued pursuant to the Instruments made or granted pursuant to the General Share Issue Mandate) shall not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the 2019 AGM, of which the aggregate number of Shares (including Shares to be issued pursuant to the Instruments made or granted pursuant to the General Share Issue Mandate) to be issued other than on a pro rata basis to existing Shareholders shall not exceed 20% of the total number of issued Shares excluding treasury shares and subsidiary holdings as at the date of the 2019 AGM.

2.4.3. As at the date of the 2019 AGM, the Company had a total number of 1,870,441,084 Shares in issue. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Share Issue Mandate. Accordingly, a further 935,220,542 Shares may be allotted and issued pursuant to the General Share Issue Mandate, of which the maximum number of Shares that can be allotted and issued other than on a pro rata basis is 374,088,216 Shares. Therefore, the 266,666,600 Subscription Shares to be allotted and issued to the Subscriber fall within the limits of the General Share Issue Mandate.

2.4.4. As disclosed in Paragraphs 1.1 and 1.2 above, the vesting of the Share Options and the issue and allotment of the Option Shares (on exercise of the Share Options) shall be subject to the Specific Shareholders' Approval for the Share Options and the Option Shares.

2.5. **Conditions Precedent**

2.5.1 Subscription Shares

Completion of the Tranche A Subscription and/or the Tranche B Subscription shall be conditional upon, *inter alia*, the following:

- (a) all necessary consents and approvals having been obtained and not being revoked or amended;

- (b) approval in-principle for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST having been obtained from the SGX-ST and not revoked or amended;
- (c) the issue and subscription of the Subscription Shares not being prohibited by any legislation or regulatory body; and
- (d) there having been, as at the relevant completion date, no material breach of warranties.

If any of the relevant conditions precedent are not satisfied and/or waived by 12 March 2020 or such other date as the parties may agree (the “**Subscription Long Stop Date**”), the obligation of the Company to allot and issue, and the obligation of the Subscriber to acquire, the Subscription Shares shall *ipso facto* cease and determine thereafter, and the Subscription Agreement shall, provided always that where the Tranche A Subscription is not completed by the Subscription Long Stop Date, any sums received by the Company from the Subscriber shall be refunded in full by the Company to the Subscriber without any interest, premium, penalty, share of benefits and other additional payments

2.5.2 Option Shares

On vesting of the Share Options, completion of the exercise of the First Tranche Share Options and/or completion of the exercise of the Second Tranche Share Options shall be conditional upon, *inter alia*, the following:

- (a) all necessary consents and approvals having been obtained and not being revoked or amended;
- (b) approval in-principle for the listing and quotation of the Option Shares on the Official List of the SGX-ST having been obtained from the SGX-ST and not revoked or amended;
- (c) the issue and subscription of the Option Shares not being prohibited by any legislation or regulatory body; and
- (d) there having been, as at the relevant completion date, no material breach of warranties.

If any of the relevant conditions precedent are not satisfied and/or waived by the Share Options Long Stop Date, all the Share Options conditionally granted under the Subscription Agreement shall lapse and none of them shall be exercisable, and the obligation of the Company to allot and issue the Option Shares shall *ipso facto* cease and determine thereafter.

2.6. **No Placement Agent**

No placement agent has been appointed in respect of the issue and allotment of the Subscription Shares and/or the Option Shares (on exercise of the Share Options). The Subscriber was introduced to the Company by Mr Chiang Mun Kit Julian, a businessman who has been a business associate of the Company since 2000. An introducer fee of 2% of the gross proceeds received by the Company at each closing is payable by the Company to the introducer on a success basis.

2.7. Private Placement

There will not be any prospectus or offer information statement issued in connection with the issue and allotment of the Subscription Shares and/or the Option Shares (on exercise of the Share Options) as the foregoing will be undertaken pursuant to the exemption under Section 272B of the Securities and Futures Act (Cap. 289) of Singapore.

3. INFORMATION ON THE SUBSCRIBER

- 3.1.1. The Subscriber has entered into the Subscription Agreement for investment purposes. The Subscriber expressed its interest to invest in the Company through the subscription for the Subscription Shares and the Option Shares (on exercise of the Share Options) for its own investment purposes and the Subscriber will not hold the Subscription Shares and/or the Option Shares in trust or as nominee for other persons.
- 3.1.2. The Subscriber is a company limited by shares incorporated in Singapore, the issued share capital of which is currently 100% held by Mr. Bambang Sugeng Kajairi. The Subscriber is established to acquire or invest, directly or indirectly, in technology-based assets and undertakings and the initial key investor will be a limited partnership fund which is expected to be advised out of Hong Kong. Based on the confirmation received from the Subscriber, none of the Subscriber and its shareholder as well as the principals of the aforesaid limited partnership are existing Shareholders and none have any connections (including business relationships) with the Company, the Directors and/or the substantial Shareholders.
- 3.1.3. The Subscriber has confirmed that it is not currently a person falling within the categories of persons listed in Rule 812(1) of the Listing Manual of the SGX-ST. It should be noted, however, that on completion of the Tranche A Subscription, the Subscriber will become a substantial Shareholder. Accordingly, for the purposes of the resolution(s) relating to the Specific Shareholders' Approval for the Share Options and the Option Shares, the Subscriber shall abstain, and shall procure that its associates abstain, from voting on such resolution(s).

4. FINANCIAL EFFECTS

The financial effects of the issue and allotment of the Subscription Shares and the Option Shares (assuming full exercise of the Share Options) 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 2019).

4.1. Earnings per Share ("EPS")

Assuming that: (a) the issue and allotment of the Subscription Shares only; (b) the issue and allotment of the Subscription Shares and the Option Shares (assuming full exercise of the Share Options) only; or (c) the issue and allotment of the Subscription Shares, the Option Shares (assuming full exercise of the Share Options), the PCB Conversion Shares and the WYH Conversion Shares, had been completed on 1 April 2018, the effect on the Group's EPS for the financial year ended 31 March 2019 would have been as follows:

	Before the issue and allotment of the Subscription Shares, the Option Shares, the PCB Conversion Shares and the WYH Conversion Shares	After the issue and allotment of the Subscription Shares only	After the issue and allotment of the Subscription Shares and the Option Shares (assuming full exercise of the Share Options) only	After the issue and allotment of the Subscription Shares, the Option Shares (assuming full exercise of the Share Options), the PCB Conversion Shares and the WYH Conversion Shares
(Loss)/Profit After Taxation and Non-Controlling Interests (US\$'000)	(4,107)	(4,107)	(4,107)	(4,107)
Weighted Average Number of Shares ('000)	1,804,688	2,071,354	2,515,799	2,710,799
EPS (US cents)	(0.23)	(0.20)	(0.16)	(0.15)

4.2. Net Tangible Assets ("NTA")⁽⁶⁾

Assuming that: (a) the issue and allotment of the Subscription Shares only; (b) the issue and allotment of the Subscription Shares and the Option Shares (assuming full exercise of the Share Options) only; or (c) the issue and allotment of the Subscription Shares, the Option Shares (assuming full exercise of the Share Options), the PCB Conversion Shares and the WYH Conversion Shares, had been completed on 31 March 2019, the effect on the Group's NTA per Share as at 31 March 2019 would have been as follows:

	Before the issue and allotment of the Subscription Shares, the Option Shares, the PCB Conversion Shares and the WYH Conversion Shares	After the issue and allotment of the Subscription Shares only	After the issue and allotment of the Subscription Shares and the Option Shares (assuming full exercise of the Share Options) only	After the issue and allotment of the Subscription Shares, the Option Shares (assuming full exercise of the Share Options), the PCB Conversion Shares and the WYH Conversion Shares
NTA ⁽⁶⁾ attributable to the Shareholders (US\$'000)	(4,153)	236	7,551	8,975
Number of Shares ('000)	1,870,441	2,137,107	2,581,552	2,776,552
NTA per Share (US cents)	(0.22)	0.01	0.29	0.32

Note:-

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

4.3. Net Gearing

The issue and allotment of the Subscription Shares and the Option Shares (on exercise of the Share Options) would not have an effect on the net gearing of the Group.

5. RATIONALE FOR THE SUBSCRIPTION AND USE OF PROCEEDS

5.1. The estimated proceeds from the issue and allotment of the Subscription Shares after deducting expenses incurred in connection with the same is expected to amount to approximately S\$5.7 million (the “**Net Proceeds**”).

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

Use of Net Proceeds	Proportion (%)	Amount of Net Proceeds (S\$'000)
Capability Development Program for Space (the “ Space Program ”)	52.6	3,000
Working capital of the Group (including expenses relating to relocation of office premises, suppliers for materials and services and administrative expenses including payroll)	47.4	2,700

5.3. The estimated proceeds from the issue and allotment of the Option Shares (assuming full exercise of the Share Options) after deducting expenses incurred in connection with the same is expected to amount to approximately S\$9.5 million (the “**Option Net Proceeds**”).

5.4. The Company intends to utilise the Option Net Proceeds in the following proportions:

Use of Option Net Proceeds	Proportion (%)	Amount of Net Proceeds (S\$'000)
Expansion of existing business and acquisition of new technologies	80	7,600
Working capital of the Group for the expansion of existing business and acquisition of new technologies (including expenses relating to suppliers for materials, rental, administrative expenses and payroll)	20	1,900

5.5. The Net Proceeds and the Option Net Proceeds (the “**Total Net Proceeds**”) would strengthen the working capital of the Group as it seeks to expand and grow its IDRS business, which business is being cultivated as part of the Group’s Space Program, and also enable it to fund the expansion of its existing business and acquire new technologies.

5.6. The Company will make announcements as to the use of the Total Net Proceeds as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated purpose. The Company will also provide a status report on the use of the Total Net Proceeds in the Company’s interim and full year financial statements, and the Company’s annual report. Where the Total Net Proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the Total Net Proceeds have been applied in the announcements and the status reports. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

- 5.7. Pending the deployment of the Total Net Proceeds, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

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 and allotment of the Subscription Shares and/or the Option Shares (on exercise of the Share Options).

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection at the Company's Singapore registered office currently located at 202 Bedok South Ave 1, #01-11, Singapore 469332 for three months from the date of this announcement.

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 issue and allotment of the Subscription Shares and the Option Shares (on exercise of the Share Options), 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 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 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 in the securities of the Company. In the event of any doubt, shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board
Addvalue Technologies Ltd

Dr Chan Kum Lok Colin
Chairman and Chief Executive Officer

16 December 2019