

-
- (A) **PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 395,785,271 NEW ORDINARY SHARES OF THE COMPANY; AND**
- (B) **INTENTION TO TRANSFER LISTING FROM THE MAINBOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED TO THE CATALIST SPONSORED REGIME**
-

(A) **RIGHTS ISSUE**

1. **INTRODUCTION**

The Board of Directors (the “**Directors**”) of Addvalue Technologies Ltd (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is undertaking 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.

It is currently intended that the Rights Issue will be undertaken pursuant to the general share issue mandate granted by Shareholders at the annual general meeting of the Company held on 21 August 2015.

2. **DETAILS OF RIGHTS ISSUE**

2.1 **Terms of Rights Issue**

The Company is offering up to 395,785,271 new Shares (the “**Rights Shares**”) at an issue price of S\$0.035 per Rights Share (the “**Issue Price**”), on the basis of one (1) Rights Share for every three (3) existing Shares held by Shareholders as at the Books Closure Date.

Entitled Shareholders (as defined below) will be at liberty to accept (in full or in part), decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) their provisional allotment of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (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.

It is hereby disclosed and confirmed that, in the allotment of excess Rights Shares, preference will be given to the rounding of odd lots, and the 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 the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment and issue of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, a “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.2 Size of Rights Issue

As at the date of this announcement, the issued share capital of the Company (excluding treasury shares) comprises 1,187,355,813 Shares (the “**Existing Share Capital**”).

Based on the Existing Share Capital and assuming that all the Entitled Shareholders subscribe and pay for their pro rata entitlements of Rights Shares, the Company will issue 395,785,271 Rights Shares.

2.3 Issue Price

The Issue Price of S\$0.035 per Rights Share represents a discount of approximately 49% 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 this announcement on which Shares were traded on the SGX-ST.

2.4 Further Information

In view of the savings enjoyed for not having to bear underwriting fees, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares by any of the Shareholders to avoid placing the relevant Shareholder in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers as a result of other Shareholders not taking up their Rights Shares entitlement fully.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (the “**Offer Information Statement**”) to be despatched by the Company to Entitled Shareholders in due course.

3. RATIONALE AND USE OF PROCEEDS

The Company wishes to update the Shareholders on the progress of the proposed disposal of the Company's subsidiary, Addvalue Communications Pte Ltd (the "**Proposed Disposal**"). Albeit the protracted delays, the Company has no reason to believe that 天成恒盛(北京)科技有限公司 (the "**Buyer**") is not interested in pursuing the Proposed Disposal. However, as the completion of the Proposed Disposal is still subject to further negotiation on certain terms of the Proposed Disposal and the fulfilment of several conditions precedent, the Company has decided to undertake the Rights Issue to regularise the negative working capital position of the Group, as well as meet the working capital needs of the Group.

In particular, the Group will be using the proceeds of the Rights Issue to reducing the indebtedness of the Group as well as for general working capital purposes, including but not limited to facilitating the preparatory working capital needed for discharging the Group's role pursuant to the press release made by the Company on 26 October 2015 regarding the Memorandum of Understanding entered into between the Company's wholly-owned subsidiary, Addvalue Innovation Pte Ltd, and China International Security Solution for the development and supply of satellite communication terminals in support of the 'Belt and Road' initiative spearheaded by the People's Republic of China (the "**MOU Working Capital Needs**")

The Directors are of the opinion that after taking into the consideration the Group's present internal resources, operating cashflows and present bank facilities available to the Group, the working capital available to the Group is not sufficient to meet its present funding requirements.

Assuming the Rights Issue is fully subscribed based on the maximum of 395,785,271 Rights Shares to be issued, the net proceeds of the Rights Issue, after deducting estimated costs and expenses of S\$300,000, is expected to be approximately S\$13.6 million.

The net proceeds of the Rights Issue are proposed to be used in the following manner:

Use of Proceeds	Amount (S\$)
1. Reducing indebtedness of the Group	6.7 million
2. General working capital purposes (including but not limited to the MOU Working Capital Needs)	6.9 million
Total	13.6 million

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.

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.

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

While both the Company and the Buyer are committed to using their best commercial efforts to reach agreement on the revised terms of the Proposed Disposal and to eventually complete the Proposed Disposal, Shareholders are to note that there is no certainty nor assurance that the Proposed Disposal will be completed and if so, when the Proposed Disposal will be completed. Hence, Shareholders are advised to exercise caution when dealing in the securities of the Company and refrain from taking any action in relation to their securities which may be prejudicial to their interests.

4. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

4.1 Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (the “**Depositors**”) will be provisionally allotted Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be “**Entitled Depositors**”, Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, with addresses in Singapore not later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

4.2 Entitled Scripholders

Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the “**Scripholders**”) will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, KCK CorpServe Pte Ltd (the “**Share Registrar**”) in order to be registered to determine the transferee's provisional allotments of Rights Shares.

To be “**Entitled Scripholders**”, Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore, must provide the Share Registrar at 333 North Bridge Road #08-00 KH KEA Building Singapore 188721 with addresses in Singapore not later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares.

The Entitled Depositors and Entitled Scripholders shall be collectively referred to as “**Entitled Shareholders**” in this announcement.

4.3 CPF Investment Scheme

Persons who bought their Shares previously using their Central Provident Fund account savings (“**CPF Funds**”) may use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, subject to the applicable rules and regulations of the Central Provident Fund. Such persons who wish to accept their provisional allotments of Rights Shares will need to instruct their respective approved banks where they hold their CPF Investment Accounts, to accept their provisional allotment of Rights Shares and (if applicable) apply for the excess Rights Shares on their behalf in accordance with the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares directly from the market.

4.4 Foreign Shareholders

For practicable reasons and to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”). As such, no provisional allotments of the Rights Shares will be made to, and no purported acceptance thereof and application therefor by, Foreign Shareholders will be valid.

If it is practicable to do so, arrangements may be made, at the discretion of the Company, for provisional allotments of Rights Shares which would otherwise be provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotments of Rights Shares commence.

5. APPROVALS

The Rights Issue is subject to, *inter alia*,

- (i) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares on the SGX-ST; and
- (ii) the lodgment of the Offer Information Statement with the Monetary Authority of Singapore.

An application will be made to the SGX-ST for the listing and quotation of the Rights Shares on the SGX-ST. The Company will make the relevant announcement upon receipt of the outcome of the application.

6. 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.

(B) PROPOSED TRANSFER TO CATALIST SPONSORED REGIME

The Directors also wish to announce that the Company is considering a transfer of the Company’s listing from the Main Board of the SGX-ST to the Catalist board of the SGX-ST (the “**Proposed Transfer**”) after the completion of the Rights Issue.

With effect from 2 March 2015, the SGX-ST implemented a minimum trading price requirement of S\$0.20 per share for shares of issuers listed on the Main Board of the SGX-ST as a continuing listing requirement. A one-time transition period of twelve (12) months will be given to affected issuers to undertake the necessary corporate actions to meet this new requirement. Issuers who fail to meet such minimum trading price requirement after the transition period will be placed on the watch list and will be delisted after a thirty-six (36) months cure period.

As such, the Directors believe that the Proposed Transfer will generally be beneficial to the Company and Shareholders as the Company will not need to comply with the minimum trading price requirement if its listing is transferred to the Catalist board of the SGX-ST.

(C) 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 Proposed Transfer, 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

30 October 2015