
UPDATE ON INVESTMENT ARRANGEMENTS – ENTRY INTO A SUBSCRIPTION AGREEMENT FOR THE ISSUANCE OF 200,000,000 NEW SHARES

1. ENTRY INTO A FURTHER SUBSCRIPTION AGREEMENT

Further to the announcement made by Addvalue Technologies Ltd (the “**Company**”) on 12 July 2009 (the “**12 July 2009 Announcement**”) in relation to, among others, the entry into a subscription agreement between the Company and the New Investors (as defined in the 12 July 2009 Announcement), for the subscription of 30,000,000 new shares of the Company at S\$0.03836 each (the “**Earlier Subscription**”), the Board of Directors of the Company (the “**Board**”) wishes to inform shareholders that the Company has, subsequent to the New Subscription Agreement (as defined in the 12 July 2009 Announcement), entered into a subscription agreement dated 12 July 2009 (the “**Starark Subscription Agreement**”) with Starark Starark Communications Co., Ltd. (“**Starark**”), a company established under the laws of the People’s Republic of China (“**PRC**”) and having its registered office at No. 16, #6-715, Wensu St., Hunnan New District, Starark 110179, People’s Republic of China . Pursuant to the Starark Subscription Agreement, the Company shall allot and issue, and Starark shall subscribe for, 200,000,000 new ordinary shares in the capital of the Company (the “**Starark Subscription Shares**”) at S\$0.036 each (the “**Starark Subscription Price**”), for an aggregate consideration of S\$7,200,000 (the “**Issue Consideration**”, and the subscription, the “**Starark Subscription**”).

1.1 Conditions

Completion of the Starark Subscription Agreement is conditional upon, among others:-

- (a) the Company procuring the authority to issue the Starark Subscription Shares pursuant to a specific mandate to be granted by shareholders of the Company (the “**Shareholders**”) by way of an ordinary resolution to be passed at a general meeting of the Company to be convened as soon as possible (the “**Specific Mandate**”);
- (b) approval in-principle for the listing and quotation of the Starark Subscription Shares on the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) being obtained from the SGX-ST and not revoked or amended and, where such approval is subject to conditions, such conditions being reasonably acceptable to Starark;
- (c) Starark having obtained the approval from the relevant authorities in the PRC for the Starark Subscription and/or the remittance of the funds necessary for the completion of the transactions contemplated in the Starark Subscription Agreement; and

- (d) there having been, as at the completion of the Starark Subscription Agreement, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect any of the warranties contained in the New Subscription Agreement if they were repeated on and as at the date of completion of the Starark Subscription Agreement.

Unless waived, the above conditions must be fulfilled on or before 30 September 2009 (or such other date as the Company and Starark may agree in writing).

1.2 Information Required Pursuant to Rule 810(2) of the SGX-ST Listing Manual

Starark was identified by the Company through an introducer. The rationale of placing the Starark Subscription Shares to Starark is for the purpose of obtaining additional funding for the Company's operations.

1.3 Authority to Issue Shares / Convertible Securities

The Company will seek the grant of authority pursuant to the Specific Mandate for the allotment and issuance of the Starark Subscription Shares.

1.4 Financial Effects of the Starark Subscription

The Starark Subscription Price represents a discount of approximately 4.8% to the volume weighted average share price of the Company of approximately S\$0.0378 for trades done on the full market day of 10 July 2009, which is the market day immediately prior to 12 July 2009, the date on which the Starark Subscription Agreement was signed.

The Starark Subscription Shares, upon allotment and issuance, will increase the issued and paid-up share capital of the Company by approximately 18.6% from 877,905,813 ordinary shares to 1,077,905,813 ordinary shares on an enlarged basis as at the date of completion of the Starark Subscription (excluding all the prevailing 12,045,000 outstanding options issued pursuant to the Company's Employee Share Option Scheme which are capable of being exercised into the same equivalent number of shares of the Company).

1.5 Use of Proceeds

The net proceeds from the Starark Subscription, after deducting expenses pertaining thereto, are estimated at approximately S\$6.7 million. The net proceeds will be used for the following intended purposes:-

- (a) Approximately S\$1.0 million (approximately 14.9%) for the production of products to be launched;
- (b) Up to approximately S\$2.5 million (approximately 37.3%) for the repayment of borrowings; and
- (c) The balance (approximately 47.8%) for general working capital.

Pending the deployment for (a) and (b) above, the net proceeds from the Starark Subscription shall be used for general working capital.

1.6 Business Collaboration

Starark intends to establish a production facility in Liaoning, PRC which may undertake, among others, the production of the Company's and its subsidiaries' ("**Group**") products. Accordingly, the Company and Starark have agreed, on a non-binding basis, to:

- (a) explore the possibility of a joint venture with each other in establishing the production plant to meet any increase in demand for the Group's products; and
- (b) using reasonable endeavours, explore the possibility of setting up a joint research and development facility in Liaoning, PRC with the view to jointly developing new products and providing mutual technical support and technology transfer.

Any transaction contemplated shall be subject to the terms and conditions thereof being mutually agreed by the Company and Starark and to compliance with the requirements of relevant laws and regulations, including the rules of the SGX-ST, where applicable.

1.7 Appointment of Nominee Directors

After the completion of the Starark Subscription, Starark shall have the right to nominate up to two (2) representatives to the Board, such nomination to be made within 15 business days of the completion of the Starark Subscription.

1.8 Key Shareholders' Undertaking and Termination Condition

Pursuant to a side letter entered into between the Company, Starark and each of Dr. Colin Chan Kum Lok, Mr. Tan Khai Pang and Mr. Tan Juay Hwa (the "**Undertaking Shareholders**"), the Undertaking Shareholders have, among others, in consideration of Starark entering into the Starark Subscription Agreement, severally undertaken to vote in favor of the resolutions approving the Specific Mandate to be tabled at a general meeting of the shareholders of the Company to be convened in accordance with the provisions of the Starark Subscription Agreement.

In consideration of the Company agreeing to enter into the Starark Subscription Agreement and committing to convene a general meeting of the shareholders to seek the Specific Mandate, the Company reserved the absolute right to unilaterally cancel the Starark Subscription and/or terminate the Starark Subscription Agreement in the event that Starark does not, refuses or otherwise fails to pay the consideration for its portion of the 30,000,000 new shares within the time stipulated in the subscription agreement for the Earlier Subscription, as stated in the 12 July 2009 Announcement.

Should the Company terminate the Starark Subscription Agreement as a consequence of Starark's refusal or failure to pay its proportionate consideration for the Earlier Subscription, Starark shall also indemnify the Company against the resulting damages, losses, costs, claims, demands, actions, proceedings, liabilities and expenses whatsoever that the Company may incur or suffer, unless Starark's failure to pay is as a result of the legitimate exercise of its rights to terminate the Earlier Subscription under the terms of the Earlier Subscription.

2. GENERAL

None of the Directors of the Company has any interest, direct or indirect, in the Starark Subscription.

The Company will be making an application to the SGX-ST for the listing and quotation of the Starark Subscription Shares.

BY ORDER OF THE BOARD

Dr. Chan Kum Lok Colin
Chairman and CEO

12 July 2009