



ADDVALUE TECHNOLOGIES LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199603037H)

UPDATE ON INVESTMENT ARRANGEMENTS:

- (A) TERMINATION OF THE CONVERTIBLE LOAN AGREEMENT ENTERED INTO BETWEEN ADDVALUE TECHNOLOGIES LTD AND GRANDE PACIFIC LTD.; AND
 - (B) ENTRY INTO A SUBSCRIPTION AGREEMENT FOR THE ISSUANCE OF 30,000,000 NEW SHARES
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1. BACKGROUND

Reference is made to the announcement made by Addvalue Technologies Ltd (the "**Company**") on 1 June 2009 (the "**1 June 2009 Announcement**") in relation to, among others, the procurement of cash funding of S\$3 million via a convertible loan agreement dated 30 May 2009 with Grande Pacific Ltd. ("**GPL**", and the convertible loan agreement, the "**GPL Convertible Loan Agreement**"), a company incorporated in the British Virgin Islands and wholly-owned by Mdm. Marilyn Ting Hong Lean, the spouse of Mr. Jonathan Lim Keng Hock, through the grant of a convertible loan, convertible, in whole or in part, into a maximum of 60,000,000 new shares of the Company at S\$0.05 each.

2. TERMINATION OF THE CONVERTIBLE LOAN AGREEMENT

As disclosed in the 1 June 2009 Announcement, completion of the GPL Convertible Loan Agreement is conditional upon the fulfillment of certain conditions precedent, which include a condition that the Company enters into a charge in favour of GPL, in a form and on terms satisfactory to GPL (the "**GPL Charge**").

Further to the 1 June 2009 Announcement, the Board of Directors of the Company (the "**Board**") wishes to inform shareholders that efforts have been made over the past month with a view to completing the negotiations on the GPL Convertible Loan Agreement and other related documents (including the GPL Charge). However, due to an inability to mutually agree on terms of the GPL Charge that are satisfactory to both the Company and GPL, the Company and GPL have mutually agreed to terminate the Convertible Loan Agreement and not to proceed with the aforesaid convertible loan. Accordingly, the Company and GPL have entered into a termination and release agreement dated 12 July 2009 (the "**Termination Agreement**"), pursuant to which the Convertible Loan Agreement is rescinded and terminated in its entirety and each of the Company and GPL mutually releases the other from any claims or rights whatsoever under or in connection with the Convertible Loan Agreement, on the terms and conditions set forth in the Termination Agreement.

3. ENTRY INTO A NEW SUBSCRIPTION AGREEMENT

In view of the termination of the Convertible Loan Agreement and to ensure that the Company meets its funding needs, the Board entered into discussions with other interested investors and pursuant thereto, the Company has entered into a subscription agreement dated 12 July 2009 (the "**New Subscription Agreement**") with each of the three (3) placees, namely Mr. Lim Chye Huat @ Bobby Lim Chye Huat, Shenyang Starark Communications Co Ltd and Mr Tang Kian Cheong (collectively, the "**New Investors**"), for the collective issuance of 30,000,000 new shares of the Company (the "**New Subscription Shares**") at S\$0.03836 each (the "**New Subscription Price**"), for an aggregate consideration of approximately S\$1.15 million (the "**Issue Consideration**"), and the subscription, the "**New Subscription**").

3.1 **Conditions**

The New Investors shall pay their respective shares of the Issue Consideration in full and in advance within five (5) market days from the date of the New Subscription Agreement, the non-payment of which by any New Investor shall entitle the Company to cancel the subscription by that New Investor concerned.

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

- (a) approval in-principle for the listing and quotation of the New 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 the Subscribers;
- (b) there having been, as at the completion of the New 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.

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

S/No	Name of New Investor	Number of New Subscription Shares allocated to the New Investor	Details on how the placees were identified	Rationale for placing to the placees
1	Mr. Lim Chye Huat @ Bobby Lim Chye Huat	10,000,000	He was a placee in the last placement exercise as announced on 1 June 2009	To meet the Company's funding needs
2	Shenyang Starark Communications Co Ltd	10,000,000	Through an introducer	To meet the Company's funding needs
3	Mr. Tang Kian Cheong	10,000,000	Through an introducer	To meet the Company's funding needs

3.3 Authority to Issue Shares / Convertible Securities

The authority to issue the New Subscription Shares was given pursuant to a general mandate from the shareholders of the Company by way of ordinary resolution at the Annual General Meeting held on 31 July 2008.

3.4 Financial Effects of the New Subscription

The New Subscription Price represents a premium of approximately 1.5% 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 New Subscription Agreement was signed.

The New Subscription Shares, upon allotment and issuance, will increase the issued and paid-up share capital of the Company by approximately 3.4% from 847,905,813 ordinary shares to 877,905,813 ordinary shares on an enlarged basis as at the date of completion of the New 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).

3.5 Use of Proceeds

The net proceeds from the New Subscription, after deducting expenses pertaining thereto, are estimated at approximately S\$1.1 million. The net proceeds will be used for the following intended purposes:-

- (a) Approximately S\$0.4 million (approximately 36.4%) for the production of products to be launched; and
- (b) The balance (approximately 63.6%) for general working capital.

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

4. GENERAL

None of the Directors of the Company has any interest, direct or indirect, in the termination of the GPL Convertible Loan Agreement or the New Subscription.

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

BY ORDER OF THE BOARD

Dr. Chan Kum Lok Colin
Chairman and CEO

12 July 2009