
**CLARIFICATION ON DBS ANALYST REPORT
ON ADDVALUE TECHNOLOGIES LTD (THE “COMPANY” OR “ADDVALUE”)
DATED 23 MAY 2017**

This announcement shall be read in conjunction with the Singapore Market Focus (Small Mid Cap Strategy) Issue No. 14 dated 23 May 2017 published by DBS Group Research (the “DBS Report”).

The Board of Directors (the “Board”) of the Company refers to the DBS Report, wherein it was stated that one of the key risks facing the Company and its subsidiaries (the “Group”) being that the Group may be:

“Unable to secure grants to cover high R&D expenses: Ongoing development expenditure could be high as Addvalue needs to continue to develop its proprietary products, including new spin-off products. In the past, Addvalue has received grants to cover part of the high R&D expenses.”

The Board wishes to clarify that, from 2014 to 2016, the Group had received a grant of a significant sum from the Office for Space Technology and Industry (“OSTIn”) of the Economic Development Board of Singapore (“EDB”) under its Capability Development Program for Space to help defray the Group’s R&D costs incurred in developing engineering capabilities for space applications including the Group’s innovative Inter-Satellite Data Relay System (“IDRS”) technology.

After the successful completion of a one-year in-orbit testing and validation of the IDRS innovation in end 2016, the Group has had in February 2017 received a further grant commitment of a much larger sum from OSTIn, to be drawn down over four years, to support its further development of the capabilities and the commercialisation of the IDRS innovation.

The Board is of the view that, coupled with the fresh funds of approximately S\$11.0 million raised by the Company recently, the Group is expected to have adequate funding to cover its ongoing R&D expenditure for at least the new four-year grant period, and is deeply appreciative and grateful to EDB for all the supports it extended to the Group.

BY ORDER OF THE BOARD

Dr Chan Kum Lok Colin
Chairman and Chief Executive Officer

23 May 2017