
**PROPOSED PLACEMENT OF UP TO 250 MILLION NEW ORDINARY SHARES IN THE CAPITAL
OF ADDVALUE TECHNOLOGIES LTD
AT A PLACEMENT PRICE OF S\$0.04 PER PLACEMENT SHARE**

1 INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Addvalue Technologies Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 30 April 2018 entered into an agreement appointing and mandating KGI Securities (Singapore) Pte Ltd (the “**Placement Agent**”) as placement agent (the “**Placement Agreement**”) to procure, on a best efforts basis, places in connection with the allotment and issue of up to 250 million new ordinary shares in the capital of the Company (the “**Placement Shares**” and each, a “**Placement Share**”). The aforesaid proposed placement of new ordinary shares is hereinafter referred to as the “**Proposed Placement**”.
- 1.2 Each Placement Share is proposed to be issued at an issue price of S\$0.04 per Placement Share (the “**Placement Price**”) on and subject to the term and conditions of the Placement Agreement, the total aggregate consideration in respect of all the Placement Shares being approximately S\$10 million (the “**Aggregate Placement Consideration**”).

2 THE PROPOSED PLACEMENT

2.1 Authority to Issue the Placement Shares

The Placement Shares are intended to be issued pursuant to the share issue mandate (the “**Share Issue Mandate**”) obtained at the annual general meeting of the Company held on 28 July 2017 (the “**2017 AGM**”). The Share Issue Mandate authorises the directors of the Company (“**Directors**”) to make or grant offers, agreements or options that might or would require shares (“**Shares**”) to be issued (collectively, “**Instruments**”), such that aggregate number of Shares (including Shares to be issued pursuant to the Instruments) shall not exceed 50% of the total number of issued Shares as at the date of the 2017 AGM, of which the number of Shares to be issued other than on a pro rata basis to existing shareholders of the Company (“**Shareholders**”) is not to exceed 20% (excluding treasury shares).

As at the date of the 2017 AGM, the Company had an issued share capital of S\$94,754,648 constituted by 1,770,441,084 Shares. As at the date of this Announcement, no Shares had been issued pursuant to the Share Issue Mandate. Accordingly, up to a total of 885,220,542 Shares may be issued pursuant to the Share Issue Mandate, of which the maximum number of Shares that can be issued other than on a pro rata basis is 354,088,216 Shares. Therefore,

the total number of Placement Shares that may be issued to the Subscribers pursuant to the Proposed Placement falls within the limits of the Share Issue Mandate.

2.2 The Placement Shares

The Placement Shares, when fully paid and issued, shall rank *pari passu* with and shall carry all rights similar to the existing Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of completion of the allotment and issuance of the Placement Shares (“**Completion Date**”).

Following the allotment and issuance of the Placement Shares, the Company’s issued and paid-up share capital will increase from 1,770,441,084 Shares as at the date of this Announcement to 2,020,441,084 Shares. The Placement Shares, if fully allotted and issued, represent approximately 12.37% of the enlarged issued and paid-up share capital of the Company immediately after the Proposed Placement.

2.3 The Placement Price

The Placement Price represents a small discount of 0.5% to the volume weighted average price of S\$0.0402 for trades done on Shares on the Mainboard on 30 April 2018, being the last full market day on which Shares are traded immediately prior to the signing of the Placement Agreement.

2.4 Conditions Precedent

Completion of the Proposed Placement is conditional upon, *inter alia*,

- Approval in-principle for the listing and quotation of the Placement Shares on the Official List of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) being obtained from the SGX-ST and such approval not having been revoked or amended, and, where such approval is subject to conditions, such conditions being acceptable to the Placement Agent and the Company, and, to the extent that any conditions for the listing and quotation of the Placement Shares on the Official List of the SGX-ST are required to be fulfilled on or before the Completion Date, they are so fulfilled.
- The transactions contemplated under the Placement Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including, without limitation, the Monetary Authority of Singapore and the SGX-ST) in Singapore or other jurisdictions which is applicable to the Company or the Placement Agent.

If any of the above conditions (“**Conditions Precedent**”) is not fulfilled on or before the date falling three months after the date of the Placement Agreement, the Placement Agreement shall *ipso facto* cease and all rights and liabilities of the parties to the Placement Agreement shall cease, whereupon no party shall have any claim against any other party save in respect of any antecedent breach of the Placement Agreement.

The Company will be submitting an additional listing application to the SGX-ST for the listing and quotation of the Placement Shares in due course.

2.5 Placement Commission

In consideration of the agreement by the Placement Agent to procure the purchase of the Placement Shares, the Company agrees to pay to the Placement Agent, a placement commission equal to three percent (3%) of the gross proceeds arising from the Proposed Placement.

2.6 Private Placement

There will be not be any prospectus or offer information statement issued in connection with the Proposed Placement as the Proposed Placement will be made pursuant to the exemption under Section 272B of the Securities and Futures Act (Cap. 289) of Singapore (the "SFA").

2.7 Completion

Completion of the Proposed Placement will occur within three (3) market days after the later of the date on which the placees have been identified and have committed to the subscription of the Placement Shares (or such portion thereof) and the date of the fulfillment of the last of the Conditions Precedent.

3 FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

3.1 The financial effects of the Proposed Placement on the Group are prepared based on the latest available audited accounts of the Group (i.e., the audited accounts for the financial year ended 31 March 2017).

(a) Earnings per Share ("EPS")

Assuming that the Proposed Placement had been completed on 1 April 2016, the effect of the Proposed Placement on the Group's EPS for the financial year ended 31 March 2017 will be as follows:

	Before the Proposed Placement	After the Proposed Placement
(Loss)/Profit After Taxation and Non-Controlling Interests (US\$'000)	(3,464)	(3,464)
Weighted Average Number of Shares ('000)	1,500,731	1,750,731
EPS (US cents)	(0.23)	(0.20)

(b) Net Tangible Assets ("NTA")⁽¹⁾

Assuming that the Proposed Placement had been completed on 31 March 2017, the effect of the Proposed Placement on the Group's NTA per Share as at 31 March 2017 would have been as follows:

	Before the Proposed Placement	After the Proposed Placement
NTA ⁽¹⁾ attributable to the Shareholders (US\$'000)	413	7,670
Number of Shares ('000)	1,583,141	1,833,141
NTA per Share (US cents)	0.03	0.42

Note:

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

4 RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS

Rationale for the Proposed Placement

When and if allotted and issued in full, the estimated proceeds from the Proposed Placement after deducting expenses incurred in connection with the Proposed Placement is expected to amount to approximately S\$9.6 million.

As previously announced, the Group has received a grant from the Office for Space Technology and Industry of the Economic Development Board of Singapore under its Capability Development Program for Space and such grant is conditional on Group's ability to raise certain amount of funding either in debt or equity to support the Group's Capability Program for space including the innovative Inter-Satellite Data Relay System ("**IDRS**") program ("**Matching of Funding**"). In addition and as also previously announced, the Group has secured a contract with a satellite service provider ("**Customer**") for the customized design and supply of IDRS terminals to be installed on the latter's fleet of LEO satellites ("**Supply Contract**"). In connection with the Supply Contract, the Group is currently at the advance stage of finalizing the terms and conditions of the airtime agreement with the Customer for the provision of real-time on-demand IDRS communication service.

Apart from the IDRS program that the Group is undertaking, the Company notes that the satellite communications internet of things is also gaining commercial traction and the Group's solution for the fishing vessels industry as well as the Group's design services in the satellite communications space are also achieving some level of success.

In light of the above, the Company deems it necessary to undertake the Proposed Placement to raise funds to strengthen its balance sheet as well as to meet its funding and working capital requirements (including the fulfilment of the Matching of Funding).

Use of Proceeds

In respect of the gross proceeds of S\$10 million to be raised from the Proposed Placement, the Company intends to utilise the net proceeds (approximately S\$9.6 million after deducting for costs and expenses incurred or to be incurred in connection with the Proposed Placement) as follows:

Use of Net Proceeds	Proportion (%)	Amount of net proceeds (S\$'000)
Capability development program for space of the Group	62.5	6,000
Working Capital of the Group	37.5	3,600

The Directors are of the opinion that, after taking into consideration the Group's present banking facilities and the proceeds from the Proposed Placement, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make announcements as to the use of proceeds arising from the Proposed Placement 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 proceeds in the Company's interim and full year financial statements and the Company's annual report. Where the proceeds are used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in subsequent announcements and/or the status reports. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the proceeds from the Proposed Placement, 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.

5 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 Proposed Placement.

6 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Placement Agreement is available for inspection at the Company's Singapore office at 8 Tai Seng Link, Level 5 (Wing 2), Singapore 534158 for three (3) months from the date of this Announcement.

7 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 Proposed Placement, 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.

8 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

30 April 2018