

**PROPOSED ISSUE OF CONVERTIBLE LOAN NOTES  
IN THE AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY S\$7.1 MILLION  
CONVERTIBLE INTO 128,500,000 NEW ORDINARY SHARES  
IN THE CAPITAL OF ADDVALUE TECHNOLOGIES LTD  
AT A CONVERSION PRICE OF S\$0.055 PER SHARE**

**1 INTRODUCTION**

- 1.1 The Board of Directors (the “**Board**”) of Addvalue Technologies Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has on 28 April 2017 entered into subscription agreements (the “**Subscription Agreements**”) for the issue of convertible loan notes in the aggregate principal amount of S\$7.07 million (“**Loan Notes**” and each, a “**Loan Note**”) convertible into 128,500,000 new ordinary shares in the capital of the Company (the “**Conversion Shares**” and each, a “**Conversion Share**”) at the conversion price of S\$0.055 per Conversion Share with the following subscribers:

<b>Name of Subscriber</b>	<b>Principal Amount of the Loan Note issued</b>	<b>Percentage of Enlarged Share Capital (%)<sup>(1)</sup> constituted by the Conversion Shares</b>
WANG YU HUEI <sup>(2)</sup>	S\$3,850,000	3.86
SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL) <sup>(2)</sup>	S\$1,100,000	1.10
LEE LOI SING <sup>(2)</sup>	S\$825,000	0.83
LANA SURJA	S\$412,500	0.41
ESTHER LOW SUET CHENG	S\$302,500	0.30
IGV 33 INVESTMENTS LTD <sup>(2)</sup>	S\$302,500	0.30
TEO KHIAM CHONG <sup>(2)</sup>	S\$275,000	0.28

**Note:**

- (1) Assuming that: (i) all the Loan Notes are fully converted into Conversion Shares at a conversion price of S\$0.055 per Conversion Share; (ii) the completion of the placement, allotment and issue of 103,800,000 new ordinary shares in the capital of the Company as announced on 12 April 2017; and (iii) a resultant total of 1,815,441,084 ordinary shares of the Company in issue.
- (2) These Subscribers have also subscribed for Placement Shares (as defined below).

(each a “**Subscriber**”, and collectively the “**Subscribers**”)

- 1.2 Each Loan Note will, at the option of the Subscriber, be convertible (unless previously redeemed, converted or purchased and cancelled) into fully-paid Conversion Shares at an initial conversion price of S\$0.055 per Conversion Share. The conversion price is subject to adjustment in the circumstances set out in the terms and conditions of the Loan Notes as set out in the Subscription Agreements (“**Conditions**”). For the avoidance of doubt, the terms and provisions of all the Subscription Agreements (as between the Company and each of the Subscribers) are similar.
- 1.3 The initial conversion price represents a premium of approximately 9.1% to the volume weighted average price for trades done on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 27 April 2017, being the full market day for which trades were done immediately preceding the signing of the Subscription Agreements, and on 28 April 2017 (up to the commencement of trade halt) - i.e., VWAP of S\$0.0504 per Share.

## **2 THE ALLOTMENT AND ISSUE OF THE CONVERSION SHARES WHEN CONVERSION IS EXERCISED**

### **2.1 Authority to Issue the Conversion Shares**

The Conversion Shares are intended to be issued (upon conversion of a Loan Note) pursuant to the share issue mandate (the “**Share Issue Mandate**”) obtained at the annual general meeting of the Company held on 28 July 2016 (the “**2016 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 2016 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 2016 AGM, the Company had a total number of 1,583,141,084 Shares in issue. As at the date of this Announcement, no Shares had been issued pursuant to the Share Issue Mandate but an allotment and issue of 103,800,000 new Shares is pending completion as announced by the Company on 12 April 2017 (the “**Placement Shares**”). Accordingly and taking into account the Placement Shares, a further 687,770,542 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 212,828,216 Shares. Therefore, the 128,500,000 Conversion Shares that may be issued to the Subscribers pursuant to conversions of the Loan Notes fall within the limits of the Share Issue Mandate.

### **2.2 Key Terms and Conditions of the Loan Notes**

The key terms and conditions of the Loan Notes are summarised as follows:

Issue Size : S\$7,067,500

Subscription Price	:	100% of the principal amount of the Loan Notes
Closing	:	Closing and completion of issuance of the Loan Notes will take place three market days after the last of the conditions precedent set out in the Subscription Agreements have been fulfilled (unless waived), such date (“ <b>Closing Date</b> ”) being not later than three months from the date of the Subscription Agreements (unless extended by mutual agreement)
Interest	:	5% per annum on the outstanding principal amount determined as at the date of each anniversary of the Closing Date
Maturity Date	:	28 April 2021
Conversion Price	:	S\$0.055 for each Conversion Share
Conversion	:	Each Subscriber, in respect of its Loan Note, shall have the option (the “ <b>Option</b> ”) to convert all or any part of the outstanding principal in respect of such Loan Note, at any time and from time to time at its discretion, into Conversion Shares at the Conversion Price, fractional Conversion Share (if any) resulting from such conversion to be disregarded. The Option may be exercised more than once at any time on or before the Maturity Date
Anti-dilution Protection	:	The initial Conversion Price will be adjusted in certain circumstances, including sub-division, consolidation and reclassification of Shares, issuance of securities and capital distributions, other than specified excluded transactions
Conversion Period	:	At any time from the Closing Date up to and including the Maturity Date
Status of Conversion Shares	:	The Conversion Shares will, when issued and delivered, be fully-paid and freely transferable, free and clear of all encumbrances. The Conversion Shares, when issued, will rank <i>pari passu</i> with and will carry all rights similar to the existing Shares except that the Conversion Shares 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 such Conversion Shares
Redemption on Maturity Date	:	Unless previously redeemed, converted or purchased and cancelled, the Loan Notes will be redeemed by the Company at its principal amount together with any accrued and unpaid interest

- Conditions Precedent : (a) all necessary regulatory and governmental consents and approvals, and all other necessary approvals (including but not limited to the approval of the shareholders of the Company, if required), authorisations, clearances, consents and waivers having been obtained;
- (b) approval in-principle for the listing and quotation of the Conversion Shares on the Official List of 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;
- (c) approval by the Board and the issue and subscription of the Convertible Loan Note (as well as the Conversion Shares) not being prohibited by any statute, order, rule or regulation promulgated after the date of this Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company; and
- (d) there having been, as at the Closing Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the warranties contained in the Subscription Agreements if they were repeated on and as of the Closing Date

### 2.3 **No Placement Agent**

No placement agent has been appointed in respect of the proposed issue of Loan Notes.

### 2.4 **Offer of Loan Notes by way of Private Placement**

There will be not be any Prospectus or Offer Information Statement issued in connection with the proposed issue of the Loan Notes as the offer will be made pursuant to the exemption under Section 272B of the Securities and Futures Act (Cap. 289) of Singapore (the “**SFA**”).

### 2.5 **Completion**

Completion of the proposed subscription and issue of Loan Notes will occur within three (3) market days after the last of the conditions precedent is satisfied (or otherwise waived in accordance with the terms of the Subscription Agreements).

## **3 INFORMATION ON THE SUBSCRIBERS**

### 3.1 Information on the Subscribers:

Name of Subscriber	Background of Subscriber
WANG YU HUEI	An accredited investor. The Subscription is for investment purpose. The Subscriber is a major shareholder of Asdew Acquisition Pte Ltd who has subscribed for 13,000,000 Placement Shares
SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	An accredited investor. The Subscription is for investment purpose. The Subscriber has also subscribed for 21,000,000 Placement Shares
LEE LOI SING	An accredited investor. The Subscription is for investment purpose. The Subscriber has also subscribed for 23,000,000 Placement Shares
LANA SURJA	An accredited investor. The Subscription is for investment purpose.
ESTHER LOW SUET CHENG	An accredited investor. The Subscription is for investment purpose. The Subscriber is the spouse of the major shareholder of Jin Xin Wealth Management Pte Ltd who has subscribed for 26,000,000 Placement Shares
IGV 33 INVESTMENTS LTD	An investment holding company whose major shareholder is Mr Tan Aik Ti Ron. The Subscriber has also subscribed for 2,600,000 Placement Shares
TEO KHIAM CHONG	An accredited investor. The Subscription is for investment purpose. The Subscriber has also subscribed for 2,500,000 Placement Shares

- 3.2 The Subscribers, except Lee Loi Sing, are not existing shareholders of the Company, and all the Subscribers were introduced to the Company by Qarah Consultancy Pte Ltd who has no connection with the Company's Directors and substantial shareholders. As indicated in paragraph 1.1 above, some of the Subscribers have also subscribed for Placement Shares. Notwithstanding, none of the Subscribers would, following the completion of the subscription of the Placement Shares and assuming the conversion of the Loan Notes in full into Conversion Shares, become a substantial shareholder of the Company.
- 3.3 An introducer's fee of up to S\$353,375 will be paid upon successful completion of the subscription of the Loan Notes. The Subscribers have expressed their interest to invest in the Company through the subscription of Loan Notes for their personal private investment.

- 3.4 The Subscribers have confirmed that they are not persons falling within the categories of persons listed in Rule 812(1) of the Listing Manual of the SGX-ST. In addition, the Company confirms that the conversion of the Loan Notes into Conversion Shares will not result in a transfer of controlling interest.

#### 4 FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

- 4.1 The financial effects of the issue of the Loan Notes 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 2016).

(a) Earnings per Share (“EPS”)

Assuming that the issue of the Conversion Shares (arising from full conversion of the Loan Notes) had been completed on 1 April 2015, the effect of the issue of the Conversion Shares on the Group’s EPS for the financial year ended 31 March 2016 would have been as follows:

	Before issue of the Conversion Shares	After issue of the Conversion Shares
(Loss)/Profit After Taxation and Non-Controlling Interests (US\$’000)	(4,709)	(4,709)
Weighted Average Number of Shares (’000)	1,187,356	1,315,856
EPS (US cents)	(0.40)	(0.36)

(b) Net Tangible Assets (“NTA”)<sup>(3)</sup>

Assuming that the issue of the Conversion Shares (arising from full conversion of the Loan Notes) had been completed on 31 March 2016, the effect of the issuance of the Conversion Shares on the Group’s NTA per Share as at 31 March 2016 would have been as follows:

	Before issue of the Conversion Shares	After issue of the Conversion Shares
NTA <sup>(3)</sup> attributable to the Shareholders (US\$’000)	(4,351)	406
Number of Shares (’000)	1,187,356	1,315,856
NTA per Share (US cents)	(0.37)	0.03

**Note:**

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

(c) Net Gearing

Assuming that the issue of the Loan Notes had been completed on 1 April 2015 and assuming no allotment and issuance of Conversion Shares had been effected, the illustrative financial effects of the issue of the Loan Notes on the net gearing of the Company would have been as follows:

	<b>31 March 2016</b>
<i>As reported:</i>	
Net debt (US\$'000)	1,109
Shareholders' funds <sup>(4)</sup> (US\$'000)	3,407
Net Gearing <sup>(5)</sup>	32.6%
<i>After completion of the issue of the Loan Notes:</i>	
Net debt (US\$'000)	6,157
Shareholders' funds (US\$'000)	3,407
Net Gearing	180.7%
<i>After completion of the issue of the Loan Notes and assuming full conversion of the Loan Notes into Conversion Shares:</i>	
Net debt (US\$'000)	1,109
Shareholders' funds (US\$'000)	8,164
Net Gearing	13.6%

**Notes:**

(4) Shareholders' funds include minority interests.

(5) Defined as net debt divided by shareholders' funds.

(d) Earnings

The interest expense in respect of the Loan Notes prior to any conversion will be at the effective rate of 5% per annum, plus amortisation of the fair value of the conversion rights recorded on the date of issue. However, it is not possible to quantify the effects of the Loan Notes on the earnings of the Group until the proceeds from the issue of the Loan Notes have been fully deployed.

**5 RATIONALE FOR THE PROPOSED PLACEMENT AND USE OF PROCEEDS**

When allotted and issued in full, the estimated proceeds from the issue of the Loan Notes after deducting expenses incurred in connection with the same is expected to amount to approximately S\$6.7 million.

The Company intends to utilise the net proceeds in the following proportions:

Use of net proceeds	Proportion (%)	Amount of net proceeds (S\$'000)
Capability development program for space of the Group	55.2	3,700
Working capital of the Group	44.8	3,000

The net proceeds from the issue of the Loan Notes would strengthen the war chest of the Group as it seeks to develop further its IDRS business as well as to commercialise the same,

which business is being cultivated as part of the Group's Capability Development Program For Space (the "**Space Program**"). With a stronger balance sheet, the Group would be able to accelerate the Space Program in bringing forward the realisation of the commercialisation of its IDRS business. The net proceeds would also help the Group to meet its working capital requirements, thereby enabling the Group to accelerate its efforts on emerging markets as well as expediting the roll out of products bundled and packaged with solutions as described in the Company's 2016 Annual Report. All these are working towards the Group's two key initiatives; namely, the Emerging Market Focus and the Commercial Refocusing.

The Directors are of the opinion that, after taking into consideration the Group's present banking facilities and the proceeds from the allotment and issue of the Placement Shares as well as the issue of the Loan Notes, 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 issue of the Loan Notes 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 the announcements and 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 issue of the Loan Notes, 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.

## **6 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 issue of the Loan Notes and/or the allotment and issue of the Conversion Shares.

## **7 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Subscription Agreements are 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.

## **8 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 issue of the Loan Notes (as well as the subsequent allotment and issue, if any, of the Conversion Shares), 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.

## **9 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

29 April 2017