

AN IMPORTANT ANNOUNCEMENT

UPDATE ON THE PROPOSED DISPOSAL BY ADDVALUE TECHNOLOGIES LTD (THE “COMPANY”) OF THE ENTIRE ORDINARY SHARE CAPITAL OF ITS WHOLLY-OWNED SUBSIDIARY, ADDVALUE COMMUNICATIONS PTE LTD (“AVC”), CONSTITUTED BY 1,100,000,000 ORDINARY SHARES HELD BY THE COMPANY (THE “AVC SHARES”) TO 天成恒盛(北京)科技有限公司 (THE “BUYER”) FOR CASH (THE “DISPOSAL”)

Reference is made to the announcement made by the Company on 25 March 2014 in connection with the conditional sale and purchase agreement the Company entered into with the Buyer on 24 March 2014 concerning the Disposal (the “**S&P Agreement**”) and the various announcements made subsequently by the Company (specifically or as a progress report contained in the periodic quarterly results announcement) in updating the status of the Disposal, the latest being made on 30 May 2016 wherein the shareholders of the Company (the “**Shareholders**”) were informed that the Company has had then advanced closer to firming up the key revised terms governing the Disposal with the Buyer.

The Board of Directors of the Company hereby would like to inform Shareholders that the Buyer has affirmed the following key revised terms governing the Disposal (the “**Key Revised Terms**”):

1. The total consideration in cash for the Disposal is to be revised from S\$330 million to **S\$308 million**; and
2. Subject to the terms of the S&P Agreement (including the conditions to be fulfilled prior to completion), both the Company and the Buyer are to work towards completing the Disposal within four months from the date hereof.

Save for the above and whilst the Company and the Buyer are still in talks to finalize a supplemental agreement to the S&P Agreement to record the revised terms (including the Key Revised Terms), all other key terms governing the Disposal (as previously announced) are expected to remain the same, or, if eventually varied, not to be materially or significantly detrimental to the interest of the Company.

As noted above, all revision to the terms of the S&P Agreement, including the Key Revised Terms, are subject to a supplemental agreement to be finalised and entered into between the Company and the Buyer.

FINANCIAL EFFECTS OF THE DISPOSAL BASED ON THE KEY REVISED TERMS

To facilitate a better understanding of the financial effects of the Disposal based on the Key Revised Terms, a summary of the *proforma* financial effects of the Disposal (without taking into account any special dividend but taking into account the revised consideration of the Disposal) is provided below. The *proforma* financial effects of the Disposal set out below are, unless otherwise stated, based on the audited financial statements of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 March 2015 and are intended for illustration purposes only. They do not necessarily reflect the future financial position and performance of the Group.

Net Tangible Asset (“NTA”)

Assuming that the Disposal had been completed on 31 March 2015, it would have resulted in an increase in the NTA per share of the Group from US\$0.0002 each to US\$0.1949 each, an increase of approximately 97,350% or US\$0.1947 for each share of the Group as illustrated below:

	Before the Disposal	After the Disposal
NTA (US\$'000)	258	231,432
Number of shares of the Company ⁽¹⁾	1,187,355,813	1,187,355,813
NTA per share of the Group (US\$)	0.0002	0.195

Note:

(1) Being the number of shares of the Company in issue as at 31 March 2015

Earnings/(Loss)

Assuming that the Disposal had been completed on 1 April 2014, it would have changed the loss per share of the Group from US\$0.0052 each to earnings per share of US\$0.1895 each, as illustrated below:

	Before the Disposal	After the Disposal
Earnings/(loss) post tax & minority interests (US\$'000)	(6,216)	224,958
Number of shares of the Company ⁽¹⁾	1,187,355,813	1,187,355,813
Earnings/(loss) per share of the Group (US\$)	(0.0052)	0.1895

Note:

(1) Being the weighted number of shares of the Company in issue during the financial year ended 31 March 2015

RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)

For the purpose of Chapter 10 of the Listing Manual of the SGX-ST, the relative figures in respect of the Disposal based on the Key Revised Terms that were computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule 1006(a)	The Net Asset Value (“NAV”) of AVC compared with the NAV of the Group ⁽¹⁾	93.2%
Rule 1006(b)	Profit before income tax, minority interests and extraordinary items attributable to AVC ⁽²⁾ , compared with the Group’s profit before income tax, minority interests and extraordinary items ⁽³⁾	17.7%
Rule 1006(c)	Aggregate value of the Disposal consideration, compared with the Group’s market capitalization of approximately S\$38.0 million as at 6 June 2016	810.6%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for the Disposal, compared with the number of equity securities previously in issue	Not applicable (as no securities of the Company will be issued for the Disposal)

Notes:

- (1) Based on the latest available unaudited consolidated accounts of the Company for the 12 months ended 31 March 2016.
- (2) The loss before income tax, minority interests and extraordinary items attributable to AVC for the 12 months ended 31 March 2016, based on the latest available unaudited accounts of AVC for the 12 months ended 31 March 2016, is US\$0.84 million. Accordingly, the gain recognized by the Company on the completion of the Disposal is approximately US\$231.2 million.
- (3) The loss before income tax, minority interests and extraordinary items of the Group for the 12 months ended 31 March 2016, based on the latest available unaudited consolidated accounts of the Company for the 12 months ended 31 March 2016, is US\$4.73 million.

Pursuant to the listing rules set out in Chapter 10 of the Listing Manual of the SGX-ST, the Disposal is subject to, among others, the approval of the Shareholders.

While both the Company and the Buyer to the Disposal are committed to use best commercial efforts to reach final agreement and in seeing the transaction through, Shareholders are to note that the Disposal is not to be taken as a

done deal or that parties will eventually come to an agreement to proceed with the Disposal.

As the completion of the Disposal is still subject to the fulfillment of many conditions precedent (even with the entry into a supplemental agreement as above-mentioned), there can be no assurance of the completion of the Disposal or, if it were to be eventually completed, as to the length of time required to do so. Hence, Shareholders are advised to exercise caution when dealing in the securities of the Company (including with respect to the rights issue recently announced and being undertaken). Shareholders are further advised to refrain from taking any action in relation to their securities which may be prejudicial to their interests, and to seek appropriate advice from their brokers, bankers, lawyers and other professional advisers.

BY ORDER OF THE BOARD

Dr Chan Kum Lok Colin
Chairman and CEO

7 June 2016