

MATERIAL AUDIT ADJUSTMENTS BY CROWE HORWATH FIRST TRUST LLP (THE “EXTERNAL AUDITORS”) IN RESPECT OF THE FINANCIAL RESULTS OF ADDVALUE TECHNOLOGIES LTD (THE “COMPANY”) AND ITS SUBSIDIARIES (THE “GROUP”) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (“FY2014”) AS ANNOUNCED BY THE COMPANY ON 30 MAY 2014 (THE “ANNOUNCEMENT”) (THE “AUDIT ADJUSTMENTS”)

The Board of Directors of the Company (the “Board”) would like to inform that, following the audit carried out by the External Auditors subsequent to the Announcement made in respect of the unaudited financial results of the Group for FY2014 (the “Announced Results”), the External Auditors had proposed the Audit Adjustments which had been agreed to and accepted by the Board.

The affected sections of the financial performance and cashflow movements of the Group for FY2014, based on the Announced Results and subsequent to the Audit Adjustments, are tabulated as follows:

In respect of the Consolidated Statement of Comprehensive Income of the Group for FY2014

| | Post Audit Adjustments Results | Based on the Announced Results | Change | | Note |
|--------------------------------|--------------------------------|--------------------------------|----------|-------|------|
| | US\$'000 | US\$'000 | US\$'000 | % | |
| Revenue | 13,649 | 14,961 | (1,312) | (8.8) | 1 |
| Cost of sales | (7,474) | (8,700) | 1,226 | 14.1 | 1 |
| Gross profit | 6,175 | 6,261 | (86) | (1.4) | 1 |
| <i>Gross profit margin (%)</i> | <i>45.2%</i> | <i>41.8%</i> | | | |
| Other operating income | 179 | 79 | 100 | 126.6 | 2 |
| Profit before tax | 45 | 33 | 12 | 36.4 | 1,2 |
| Profit after tax | 45 | 33 | 12 | 36.4 | 1,2 |
| Total comprehensive income | 47 | 34 | 13 | 38.2 | 1,2 |

In respect of the Consolidated Statement of Cash Flows of the Group for FY2014

| | Post Audit Adjustments | Based on the Announced Results | Change | | Note |
|----------------------------------------------|------------------------|--------------------------------|----------|--------|------|
| | US\$'000 | US\$'000 | US\$'000 | % | |
| Net cash generated from operating activities | 395 | 827 | (432) | (52.2) | 3 |
| Net cash generated from financing activities | 474 | 42 | 432 | >100 | 3 |

Notes:

1. Attributed principally to Audit Adjustments relating to an inter-company sale and purchase transaction for an amount of about US\$1.23 million within the Group, which was not eliminated from the Announced Results upon the consolidation of the accounts of the Group due to an oversight.
2. Attributed principally to the write-off of certain long unclaimed sums due to certain third parties.
3. Attributed principally to the classification of an amount from ‘Cashflow from operating activities’ to ‘Cashflow from financing activities’.

Save as disclosed above with improved gross profit margin, pre-tax profit as well as post-tax profit of the Group for FY2014 (relative to the Announced Results), the Audit Adjustments do not otherwise materially affect the Announced Results, including the Consolidated Statement of Financial Position of the Group as at 31 March 2014.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Chairman & CEO

6 July 2014