

ADDVALUE TECHNOLOGIES LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199603037H)

PROPOSED CASH INVESTMENT OF UP TO S\$134.16 MILLION FOR AN EQUITY INTEREST OF UP TO 51.56% IN ADDVALUE TECHNOLOGIES LTD BY PYTHEAS LTD AND/OR ITS NOMINEE(S)

The Proposed Investment

The Board of Directors of Addvalue Technologies Ltd (the "**Company**") wishes to announce that the Company has on 11 February 2008 entered into a binding term sheet (the "**Term Sheet**") with Pytheas Ltd in relation to a proposed subscription by Pytheas Ltd and/or its nominee(s) (the "**Investor**") of up to a maximum of 860,000,000 new ordinary shares in the capital of the Company (the "**Investment Shares**") for cash at a premium of 10-20% over the closing share price of the Company's shares immediately prior to the date of signing the Term Sheet (the "**Proposed Investment**"), subject to a maximum of S\$134.16 million (or its equivalent in other currency) (the "**Consideration**"). Based on the closing price of S\$0.13 per share on 6 February 2008 and assuming a maximum premium of 20%, the subscription price for the Investment Shares will be S\$0.156 per Investment Share and the total cash consideration payable for all the Investment Shares (if fully subscribed) will be S\$134.16 million.

The Investor may, with the consent of the Company, procure other investor(s) to co-invest in the Proposed Investment.

The Investment Shares, if fully subscribed, will represent approximately 51.56% of the enlarged share capital of the Company assuming that none of the 18,700,000 employee share options currently outstanding ("**Employee Share Options**") are exercised, and approximately 50.99% of the enlarged share capital of the Company assuming that all of the Employee Share Options are exercised.

Pursuant to the Term Sheet, on the successful completion of the Proposed Investment, the Investor shall be entitled to appoint 2 to 3 members on the Board of Directors of the Company. The Board of Directors of the Company presently has 5 members, comprising 3 Executive Directors and 2 Independent Directors.

Recognizing the immense growth potentials in the global satellite industry, particularly in the Middle East region, the Investor aims to ride on the rising tide via the Proposed Investment, as the Company and its subsidiaries (the "**Group**") is one of the only 3 authorized portable Inmarsat BGAN terminal suppliers globally and is an ideal platform to realize its aspirations.

The Proposed Investment is akin more to an alliance of interests than a takeover (even if it results in a 51% change in the shareholding of the Company), as there will neither be a change in the management nor the business of the Group.

The Proposed Investment is conditional upon, among others:-

- (a) receipt of a whitewash waiver (the "**Whitewash Waiver**"), if necessary, from the Securities Industry Council exempting the obligation to make a mandatory general offer for all shares in the capital of the Company not held by the Investor, in accordance with the rules of The Singapore Code on Take-overs and Mergers as a result of the Investor subscribing for the Investment Shares;
- (b) receipt of approval from independent shareholders for the Whitewash Waiver, if necessary, and in connection therewith, the obtaining of an opinion from an independent financial adviser on the Whitewash Waiver for the benefit of independent shareholders;

- (c) receipt of approval in-principle from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Investment Shares on the Official List of the SGX-ST;
- (d) satisfactory due diligence by the Investor and the Company on each other;
- (e) all approvals required of the Investor in connection with the Proposed Investment;
- (f) satisfactory legal documentation in respect of the Proposed Investment, including an investment agreement in line with the Term Sheet (the "**Investment Agreement**"); and
- (g) remittance by the Investor of a sum equivalent to not less than the Consideration to an escrow account of the Company within 3 days from the signing of the Investment Agreement.

Shareholders should note that as the Proposed Investment is subject to the further terms to be set out in Investment Agreement and subject to all conditions precedent being fulfilled, there is no assurance that the Proposed Investment will be completed or the Investment Shares will be subscribed in full. Accordingly, Shareholders are advised to exercise caution in their dealings in the securities of the Company and to seek their own financial and legal advice when appropriate.

The Investor

Wholly-owned by Pytheas (Holding), a company registered in Luxembourg, Pytheas Ltd is an international investment management company established in the United Kingdom. The Pytheas Group has a strong presence principally in the United Arab Emirates, Qatar and Europe.

Rationale of the Proposed Investment

The rationale to the Group of the Proposed Investment are:-

- (a) The cash Consideration is expected to substantially improve the capitalization and fortify the balance sheet of the Group;
- (b) With the additional funds, the Group hopes to enhance its positioning as a significant player in the global satellite communication industry;
- (c) The Group intends to tap on the Investor's wide global network (in particular, its strong presence in the fast growing Middle East region) to further strengthen its foothold in tapping the potentially lucrative Middle East markets; and
- (d) An impetus for accelerated growth and strategic integration may also be generated as the additional cash allows the Group to expand organically as well as through mergers and acquisitions.

Further announcements will be made by the Company as and when appropriate.

None of the Directors of the Company has any interest, direct or indirect, in the Proposed Investment. The Directors are not aware of any substantial shareholder having any interest, direct or indirect, in the Proposed Investment and have not received any notification of any interest in this transaction from any substantial shareholder.

For and behalf of the Board

Dr Chan Kum Lok Colin
Chairman and CEO
Submitted to SGX-ST on 18 February 2008