

ADDVALUE TECHNOLOGIES LTD.

Company Registration Number: 199603037H

**PROVISION OF ADDITIONAL INFORMATION ABOUT THE
'BELT AND ROAD' INITIATIVE (AS MENTIONED IN
ADDVALUE'S PRESS RELEASE OF 26 OCTOBER 2015) IN
RESPONSE TO THE PUBLIC ENQUIRIES ABOUT THE
INITIATIVE**

Singapore, 27 October 2015 – Reference is made to the press release made by Addvalue Technologies Ltd (the “Company”) on 26 October 2015 regarding the Memorandum of Understanding entered into between Addvalue Innovation Pte Ltd and China International Security Solution for the development and supply of satellite communication terminals in support of the ‘Belt and Road’ initiative spearheaded by the People’s Republic of China (the “Press Release”).

In response to the public enquiries about the ‘Belt and Road’ initiative as mentioned in the Press Release, the Company would like to provide additional information about the initiative as follows:

About the ‘Belt and Road’ initiative

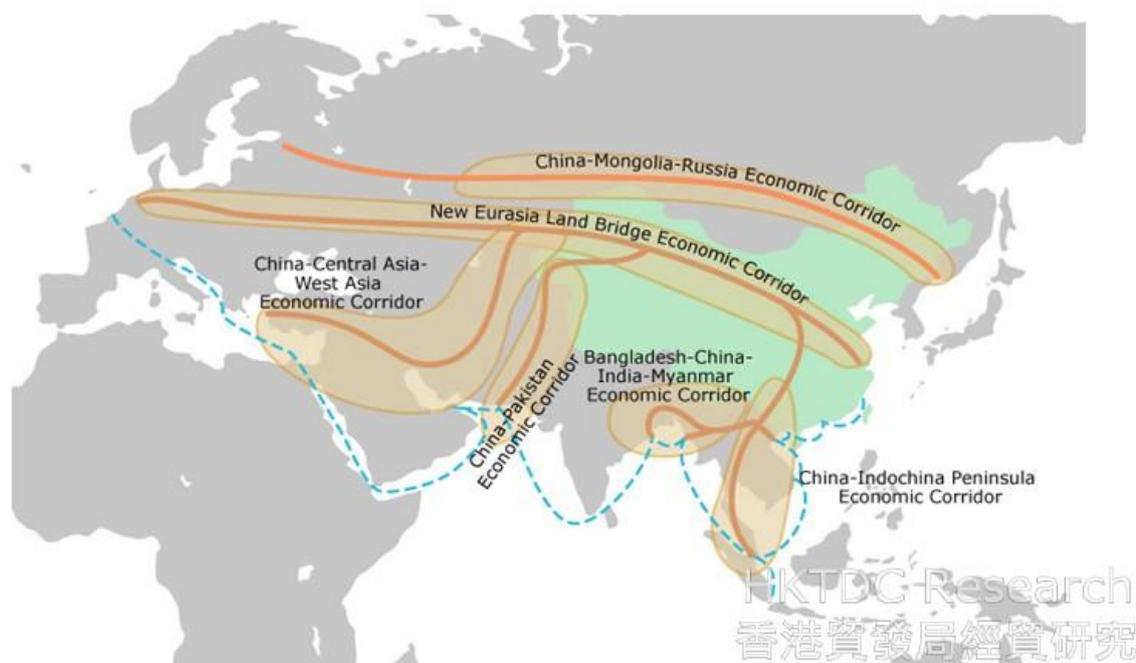
The US\$900 billion ‘Belt and Road’ initiative refers to the land-based ‘Silk Road Economic Belt’ and the oceangoing 21st Century ‘Maritime Silk Road’, a significant development initiative launched by the Chinese government with the intention of promoting economic cooperation among countries along the proposed ‘Belt and Road’ routes. The initiative has been designed to enhance the orderly free-flow of economic factors and the efficient allocation of resources. It is also intended to further market integration and create a regional economic co-operation framework of benefit to all.

As one of President Xi Jinping’s key policies, the ‘Belt and Road’ initiative seeks to connect China with 60 countries, setting up potential trade with a further 4.4 billion people. The enormous economic implications, valued at US\$21 trillion, aspire to boost China’s GDP by 25%. China’s economy has recently stumbled, and the ‘Belt and Road’ initiative is expected to help it expand again and reach its 6.8% projected growth rate by easing exports and tightening international relations and global affairs.

- **Conceptual Framework**

The 'Belt and Road' initiative aims to connect Asia, Europe and Africa along five routes. The Silk Road Economic Belt focusses on: (1) linking China to Europe through Central Asia and Russia; (2) connecting China with the Persian Gulf through Central Asia; and (3) bringing together China and Southeast Asia, South Asia and the Indian Ocean. The 21st Century Maritime Silk Road, meanwhile, focusses on using Chinese coastal ports to: (4) link China with Europe through the South China Sea and Indian Ocean; and (5) connect China with the South Pacific Ocean through the South China Sea. Focusing on the above five routes, the 'Belt and Road' initiative will take advantage of international transport routes as well as core cities and key ports to further strengthen collaboration and build six international economic co-operation corridors. These have been identified as the 'New Eurasia Land Bridge Economic Corridor', the 'China-Mongolia-Russia Economic Corridor', the 'China-Central Asia-West Asia Economic Corridor', the 'China-Indochina Peninsula Economic Corridor', the 'China-Pakistan Economic Corridor', and the 'Bangladesh-China-India-Myanmar Economic Corridor'.

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



Source: HKTDC Research

- **Key Areas of Co-operation**

The five major goals of the 'Belt and Road' initiative are: policy co-ordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds.

In terms of specifics, policy co-ordination means that countries along the 'Belt and Road' will, via consultation on an equal footing, jointly formulate development plans and measures for advancing cross-national or regional co-operation; resolve problems arising from co-operation through consultation; and jointly provide policy support to practical co-operation and large-scale project implementation. Facilities connectivity refers to prioritizing areas of construction as part of the 'Belt and Road' initiative. Efforts will be made to give priority to removing barriers in the missing sections and bottleneck areas of core international transportation passages, advancing the construction of port infrastructure facilities, and clearing land-water intermodal transport passages. The connectivity of infrastructure facilities, including railways, highways, air routes, telecommunications, oil and natural gas pipelines and ports, will also be promoted. This will form part of a move to establish an infrastructure network connecting various Asian sub-regions with other parts of Asia, Europe and Africa. In order to facilitate unimpeded trade, steps will be taken to resolve investment and trade facilitation issues, reduce investment and trade barriers, lower trade and investment costs, as well as to promote regional economic integration. Efforts will also be made to broaden the scope of trade, propel trade development through investment, and strengthen co-operation in the industry chain with all related countries. With regard to financial integration, action will be taken to enhance co-ordination in monetary policy, expand the scope of local currency settlement and currency exchange in trade and investment between countries along the route, deepen multilateral and bilateral financial co-operation, set up regional development financial institutions, strengthen co-operation in monitoring financial risks, and enhance the ability of managing financial risks through regional arrangements. In terms of people-to-people bonds, efforts will be made to promote exchanges and dialogues between different cultures, strengthen friendly interactions between the people of various countries, and heighten mutual understanding and traditional friendships. This will all form the basis for the advancement of regional co-operation.

- **Co-operation Mechanisms**

The 'Belt and Road' initiative upholds the principles of jointly developing the program through consultation with all interested parties. Existing bilateral and multilateral co-operation mechanisms will be utilized to promote the integration of the development strategies of the countries along the route. Steps will be taken to advance the signing of co-operation memorandums of understanding or co-operation plans for the establishment of a number of bilateral co-operation demonstration projects. Efforts will also be made to set up a sound bilateral joint work mechanism, and to devise an implementation plan and action roadmap for advancing the 'Belt and Road' initiative.

- **The Silk Road Fund**

The US\$40 billion Silk Road Fund has been established to finance the 'Belt and Road' initiative. It will invest mainly in infrastructure and resources, as well as in industrial and financial cooperation. The Fund was set up as a limited liability company in December 2014 with its founding shareholders including China's State Administration of Foreign Exchange, the China Investment Corp, the Export-Import Bank of China and the China Development Bank. The Fund will comply with market rules and the international order of finance, and welcome participation from domestic and overseas investors, such as the China-Africa Development Fund and the Asian Infrastructure Investment Bank.

- **The Asian Infrastructure Investment Bank ("AIIB")**

The AIIB, a new multilateral development bank ("MDB"), has been set up with a view to complementing and cooperating with the existing MDBs in order to address infrastructure needs in Asia. AIIB will focus on the development of infrastructure and other productive sectors in Asia, including energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development and logistics. In June 2015, 50 Prospective Founding Members of AIIB signed the Articles of Agreement in Beijing. The signatory countries were Australia, Austria, Azerbaijan, Bangladesh, Brazil, Brunei Darussalam, Cambodia, China, Egypt, Finland, France, Georgia, Germany, Iceland, India, Indonesia, Iran, Israel, Italy, Jordan, Kazakhstan, Republic of Korea, Kyrgyz Republic, Lao PDR, Luxembourg, Maldives, Malta, Mongolia, Myanmar, Nepal, Netherlands, New Zealand, Norway, Oman, Pakistan, Portugal, Qatar, Russia, Saudi Arabia, Singapore, Spain, Sri Lanka, Sweden, Switzerland, Tajikistan, Turkey, the United Arab Emirates, the United Kingdom, Uzbekistan, and Vietnam. The Articles will remain open for signing by the remaining seven Prospective Founding Members until the end of 2015.

About the 'China-Pakistan Economic Corridor' project (the "CPEC Project")

The concept of the 'China-Pakistan Economic Corridor' was first raised by Premier Li Keqiang during his visit to Pakistan in May 2013. At the time, the objective was to build an economic corridor running from Kashgar, Xinjiang, in the north of China, to Pakistan's Gwadar Port in the south. At present, the two governments have mapped out a provisional long-term plan for building highways, railways, oil and natural gas pipelines and optic fibre networks stretching from Kashgar to Gwadar Port. The economic corridor is considered central to China-Pakistan relations and will run for about 3,000 km. Besides physical links connecting Pakistan and China, the project also envisages establishing several economic zones along the corridor. Overall construction costs are estimated at over US\$46 billion, with the entire project targeted to be completed in 2030.

Pakistan – China | Economic Corridor ►



US\$ 46 BILLION

Worth Development Projects

- 1 Highway**
Gwadar – Kunjrab
- 2 Motorway**
Karachi – Lahore
- 3 Expressway**
Muzaffarabad – Mirpur
- 4 Freight Trains**
Gwadar - Kunjrab

From the perspective of Pakistan, the 'China-Pakistan Economic Corridor' project is expected to accord Pakistan with the many great opportunities for it to overcome its economic woes, including the creation of many job opportunities, the perking up of its hysteric domestic infrastructure, the boosting of electricity supply which is now in acute shortage and the uplift in the export of fishery, agricultural, textile and other products.

From the perspective of China, the demand by the 'China-Pakistan Economic Corridor' for a large number of major infrastructural projects relating to energy, electricity, roads, railways, etc. to be built along with the many great opportunities for cooperation between the two countries in the areas of trade, logistics and education to be brought along, is expected to attract the keen interests of many Chinese enterprises.

Touted as a "win-win" strategy, through the infrastructures to be built, the 'China-Pakistan Economic Corridor' project, apart from promoting the import and export of goods and services as well as the exchange of personnel between the two countries, allows China to effectively increase its access of energy imports from the Middle East which are expected to be delivered directly to its southwestern hinterland, without the need for the energy imports to be shipped through the traditional Malacca Straits while reducing its dependence on the China-Myanmar oil and gas pipelines which are currently under construction as well as avoiding the much challenged South China Sea regions which are plagued with many sovereign disputes.

Apart from propelling the economic growth of China and Pakistan, the 'China-Pakistan Economic Corridor' project is also expected to facilitate the interoperability within the entire South Asia region and help promote the integration among countries in South Asia, Central Asia, North Asia and the Gulf through cooperation in the realms of economics and energy sharing for the benefits of nearly 3 billion people.

The 'China-Pakistan Economic Corridor' is an important component of the entire 'Belt and Road' initiative as the southern end of the corridor, being Pakistan's Gwadar Port, marks not just the starting point of the corridor, it also strategically connects the land-based 'Silk Road Economic Belt' and the oceangoing 21st Century 'Maritime Silk Road'. The 'China-Pakistan Economic Corridor' is aimed to be a pilot endeavor in setting a model example for the rest of the other economic corridors under the 'Belt and Road' initiative to follow.

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