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- 1. ESTABLISHMENT OF ALLIANCE WITH ZHONGYOU CENTURY TECHNOLOGY CO LTD, A CHINESE GOVERNMENT LINKED COMPANY**
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- 1. ESTABLISHMENT OF ALLIANCE WITH ZHONGYOU**

The Board of Directors of Addvalue Technologies Ltd (the “**Company**”) wishes to announce that, via its wholly-owned subsidiary, Addvalue Innovation Pte Ltd (“**AVI**”), it has on 12 November 2015 entered into a collaboration agreement with Zhongyou Century Technology Co Ltd 中邮世纪(北京)通信技术有限公司 (“**Zhongyou**”) to distribute satellite communication-based products and provide customised solutions for the communication needs in China, including but not limited to the ‘Belt and Road’ initiative (一带一路倡议) spearheaded by China (the “**Zhongyou Collaboration Agreement**”).

Zhongyou, founded in December 2006, is a subsidiary of China National Postal and Telecommunications Appliances Corp 中国邮电器材集团公司 (“**PTAC**”). Equipped with a unified and independent mobile communication service platform covering the entire nation, it is also the only mobile virtual network operator in China co-owned by government linked enterprises and donned with private business management expertise and experience. Zhongyou's principal business activities relate to the provision of mobile communication and telecommunication value-added services, the supply of Internet communication products, customization of communication terminal products and as sales agents. Effecting from 1 January 2015, Zhongyou officially launched a mobile communication resale business brand, "PUTAI Mobile (普泰移动)", in its co-provision of mobile communication services with China Mobile.

PTAC, a wholly-owned subsidiary of China General Technology (Group) Holding Co Ltd 中国通用技术(集团)控股有限责任公司 (a centrally administered state enterprise of strategic importance (中央直接管理的国有重要骨干企业)), is one of the largest sellers of telecommunication electronic terminal products in China and, having attained top sales volumes for ten consecutive years, commands a market share of more than 20% in China. Boasting complete sales channels for telecommunication electronic products

domestically, its mobile phone retail and maintenance services are presently available at 696 retail booths (511 of which are joint business halls partnered with the operators concerned) while its after-sales service network currently covers 16 provinces, autonomous regions and municipalities. In addition, it owns two repair and maintenance factories and 241 repair and maintenance offices. Holding the highest grade of repair and maintenance certificate issued by well-known mobile phone manufacturers, including Nokia, Motorola and Sony Ericsson, it also holds the "Certificate for non-state training institutes for professional skills in the telecommunication industry". Its repair and maintenance factories have been designated by the state (Ministry of Industry and Information) telecommunication industry professional skill assessment and consultancy center as hands-on training bases for the impartation of mobile phone repair and maintenance skills.

2. FURTHER ENHANCEMENT OF BUSINESS FOCUS

In conjunction with the signing of the Zhongyou Collaboration Agreement, the Company would like to take this opportunity to draw the attention of the shareholders of the Company (the "**Shareholders**") that, with a view to broaden the modes of revenue source and entrench recurring income for the Company and its subsidiaries (the "**Group**"), the Company has since recent times and will continue into the foreseeable future to institute measures in further enhancing the business focus of the Group.

For the past many years, the satellite ecosystem has been characterised by the distinct segregation of one-off hardware terminal sales and the generation of recurring air-time revenue. In this regard, the Group has been rather dependent on the existing traditional distribution channels to sell its hardware terminals to the end users with no recourse to air-time revenue and has had its sales clipped as a consequence. Such distribution models stifle the opening of new market opportunities for all players in the ecosystem, be it a satellite network operator (like Inmarsat or Thuraya) or a terminal developer/supplier (like the Group), for more flexible and innovative approaches to engage the end user markets, where total solutions must be tailored made in addressing the varied needs and cost expectations.

In recent times, the uncertain economic outlook resulting from the global financial crisis, and a prolonged downturn in the world economy, other than that of China albeit its slowdown, have also significantly brought about the Group's relatively lacklustre performances.

Taking cognisance of the above, the Group has since been and will continue into the foreseeable future to take steps to further enhance its commercial focus on the emerging markets, particularly China (the “**Emerging Market Focus**”), and to gradually reduce its dependency on terminal sales through the existing distribution channels by cultivating a better understanding of the needs of end users so as to develop and provide bespoke products and solutions, agnostic to any specific satellite infrastructure, which are to be bundled and packaged with negotiated recurring air-time revenue through collaboration with suitable partners that best tailored to the specific needs of the end users concerned (the “**Commercial Refocusing**”). The Emerging Market Focus and Commercial Refocusing are pursuits, shaping and being shaped by the new paradigm in the satellite ecosystem, upheld by many industry players in general.

While the Company has no reason to believe that the buyer to the proposed disposal of the Company’s subsidiary, Addvalue Communications Pte Ltd, as announced by the Company on 25 March 2014 (the “**Proposed Disposal**”) is not interested in pursuing the transaction, the Emerging Market Focus and Commercial Refocusing being pursued by the Group are independent of the outcome of the Proposed Disposal.

To this end and to date in executing the abovementioned pursuits to further enhance the business focus of the Group with a view to broaden the modes of revenue source and entrench recurring income, the Company has, in addition to the Zhongyou Collaboration Agreement, forged the following alliances and expects more strategic collaborations to be established within the next twelve months:

- (a) On 25 November 2014, the Company announced that the Group was developing a radiation-resilient satellite-based communication modem to be experimented on the new VELOX-II satellite built by Nanyang Technological University targeted for launch in the fourth quarter of 2015. The aim of this development is to study the technical feasibility of an innovation for inter-satellite data relay that will have tremendous commercial potential in the burgeoning LEO satellite industry; and
- (b) On 26 August 2015, the Company announced that the Group has entered into a memorandum of understanding with China International Security Solution Corporation Limited to jointly develop and supply satellite communication-based solutions for the communications needs associated with the ‘the Belt and Road’ initiative spearheaded by China.

BY ORDER OF THE BOARD

Dr Chan Kum Lok Colin
Chairman and CEO

13 November 2015

While both the Company and the buyer to the Proposed Disposal are committed to use best commercial efforts to reach agreement and in seeing the transaction through, Shareholders are to note that the Proposed Disposal is not to be taken as a done deal or that parties will eventually come to an agreement.

As the completion of the Proposed Disposal is still subject to the fulfilment of many precedent conditions, there can be no assurance of its completion 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 and refrain from taking any action in relation to their securities which may be prejudicial to their interests.