
ADDVALUE TECHNOLOGIES LTD COMMENCES WORK ON:

- 1. POSSIBLE SPIN-OFF AND LISTING OF ADDVALUE SOLUTIONS PTE LTD AND THE INTER-SATELLITE RELAY SYSTEM BUSINESS**
 - 2. POSSIBLE TRANSFER OF ADDVALUE TECHNOLOGIES LTD TO THE CATALIST BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**
-

The Board of Directors of the Company (the “**Board**”) refers to the announcement of the Company made on 12 April 2017 (*Announcement Reference SG170412OTHRXVMT*) and the Company’s response to queries regarding trading activity raised by the Singapore Exchange Securities Trading Limited (the “**Exchange**” or “**SGX-ST**”) on 3 October 2017 (*Announcement Reference SG171003OTHRF3CD*) (collectively, the “**Previous Announcements**”).

As alluded to in the Previous Announcements, the Company is exploring the possibility of undertaking a plan to spin-off its subsidiary, Addvalue Solutions Pte Ltd (“**AVS**”), which houses and undertakes all the business relating to the Inter-satellite Data Relay System (“**IDRS**”) including the IDRS airtime business. One of the approaches contemplated for the spin-off of AVS (“**Spin-Off**”) is the distribution in specie of a portion of the shares of AVS (“**AVS Shares**”) currently held by the Company (through another wholly-owned subsidiary) to the shareholders of the Company (“**Shareholders**”). In conjunction with the aforesaid spin-off, the Company intends to seek a listing and quotation of the AVS Shares (“**AVS Listing**”) on the Catalist Board of the SGX-ST (“**SGX-ST Catalist**”). Separately, the Company has been exploring the transfer of the listing status of the Company from the Main Board of the SGX-ST to SGX-ST Catalist (“**Transfer of Listing**”) since the introduction of the Minimum Trading Price (“**MTP**”) rule of 20 cents for main board listed companies by SGX-ST as an alternative approach to shares consolidation and/or merger and acquisition to meet this requirement.

The aforesaid possible Spin-Off and AVS Listing hereinafter referred to as the “**Proposed Spin-Off and Listing**”.

I. Update on the Company’s Plans for the Proposed Spin-Off and Listing

The Board wishes to update Shareholders of the Company’s plans for the Proposed Spin-Off and Listing as follows:

1. In response to an application made by the Company and based on the Company’s submissions and representations made, the Exchange has informed the Company that it does not regard the Proposed Spin-Off and Listing on SGX-ST Catalist as a chain listing pursuant to Rule 210(6) of the SGX-ST Listing Manual. The Exchange’s aforesaid ruling is subject to the following:
 - (a) the Company’s compliance with the Exchange’s listing rules;
 - (b) the Company’s Transfer of Listing being approved by the Exchange and the Shareholders;
 - (c) Shareholders’ approval being obtained for the proposed distribution-in-specie of the AVS Shares to the Shareholders at a meeting of the Shareholders to be convened (the “**Shareholders’ Meeting**”);

- (d) confirmation from the continuing sponsor to be appointed for the Company and its subsidiaries (other than AVS) that the proposed Spin-Off is in compliance with Rule 406(7) of the SGX-ST Catalist Listing Manual; and
- (e) disclosure in the circular (to be issued to the Shareholders in connection with the convening of the Shareholders' Meeting) of the basis for the Board's assessment that the Proposed Spin-Off and Listing would bring about tangible benefits to the Shareholders.

It is important to note that the comments and view expressed by the Exchange in relation to the Proposed Spin-Off and Listing and the Transfer of Listing are based on the information that has been submitted to the Exchange. The Exchange reserves the right to amend and/or vary its decision and its decision (as stated above) is subject to changes in the Exchange's policies.

- 2. The Company is in the process of finalising the terms of engagement of its advisers (including the full sponsor and the legal advisers for the Proposed Spin-Off and Listing) as well as the continuing sponsor for the Transfer of Listing to provide the required assistance and support to the Company and AVS.

II. Update on the IDRS-related Business currently carried on by AVS

The Board wishes to update Shareholders of AVS's efforts to commercialise its IDRS business as follows:

- 1. Since the signing of the IDRS airtime distribution agreement with Inmarsat on 10 August 2017, AVS has been contacted by many key and prominent players in LEO satellite industry and is now in discussions with these potential customers on the adoption of the IDRS services for their space missions. At the same time, AVS has been putting in place its marketing plan and strategy to promote the IDRS products and services globally.
- 2. Specifically, AVS is in advanced stage of discussions with a few LEO satellite players with plans to launch or operate constellations of satellites that will lead to the deployment of a multitude of IDRS terminals over the next few years.

Barring any unforeseen circumstances and assuming positive outcomes following the above-mentioned efforts, the Company expects to conclude the first commercial IDRS contract with one or more customers in the very near future.

CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY

While the Company and AVS are committing resources and time to look into the Proposed Spin-Off and Listing, the Transfer of Listing and to develop and expand the IDRS-related business of AVS, Shareholders are to note that there is no certainty or assurance that the Proposed Spin-Off and Listing as well as the Transfer of Listing will be concluded successfully or AVS will be able to achieve its current plans to develop and expand the IDRS-related business. In particular, there can be no assurance that the Company and AVS will meet the conditions for the Proposed Spin-Off and Listing or the Transfer of Listing whether as set out above or otherwise, or meet the listing criteria for the listing and quotation of the AVS Shares on the SGX-ST Catalist.

The Company would like to highlight that the Proposed Spin-Off and Listing is in its preliminary and exploratory stages and is dependent on, among others, the results of the preparatory work to be undertaken, the requisite approvals from the relevant regulatory

authorities, approval of the Shareholders, the success of AVS to commercialise and secure contracts for the IDRS Business and the then prevailing market conditions. Even if all requisite approvals (regulatory or otherwise) have been obtained, the Board reserves the right not to proceed with the Proposed Spin-Off and Listing and/or the Transfer of Listing if, having regard to Shareholders' and investors' interests and response at the material time as well as other relevant factors, the Board regards it not to be in the interests of the Company or the Shareholders as a whole to proceed with the same.

Accordingly, Shareholders and investors 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. If in doubt about the actions that they should take, Shareholders and investors should consult their stockbrokers, bank managers, solicitors, accountants or any other professional advisers.

BY ORDER OF THE BOARD

Dr Colin Chan Kum Lok
Chairman and CEO

28 November 2017