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GENERAL UPDATE FROM TV2U

The Board of Directors of TV2U International Limited (ASX TV2: "TV2U") provide the following market update.

This month, Chairman Nick Fitzgerald says:

"March saw a lot of positive activity for us once again. This month I want to break down what I report into two parts, let's start with our 'live' projects.

We've made good progress on the SOL project in Brazil, the first phase of delivery is on track and will deliver initial LIVE channels soon, with further LIVE channels as well as VOD to follow shortly after. The overall delivery is looking good for July, as we previously reported.

Divan is also on track, with content discussions progressing well and once again we are on target for the July launch, as previously reported. Separately our Product Manager, Csaba Moldovan, has started work on the integration of the recommendation engine requirements and we expect to have that ready to launch as an additional module by the time SOL goes live.

Things have been successfully progressing for us in Indonesia this month as well, and we have already begun to plan for the build of our headend in Jakarta, to support the opportunities that are now just around the corner for us.

Secondly I want to report our pipeline; I know that it is something that shareholders have been asking questions about. For good reasons, we won't disclose the names or specifics of the organisations we are engaged with because it would be counter-productive to all of us – imagine our competitors learning that information for example, or one of our potential customers reading about themselves from our report, just as we start commercial negotiations. We strongly believe that Q2 will deliver substantial customer wins in at least three territories, with launch dates for services likely on some contracts from as early as July/ August of this year. The vision around the business model for TV2U is proving to be really effective, we have great interest from potential customers across 5 continents and these will translate into firm relationships that mature in Q2 as well as Q3 in some cases.

I know that some shareholders have asked about specific businesses, and what TV2U thinks of the impact of aggressive growth plans particularly by some OTT players in some regions. The answer is straightforward: as the business-end enabler of consumer OTT services, we service a massive opportunity that will capture (amongst others) ISPs, mobile operators, telco's – as well as the big OTT brands that are rolling out their services. All these stakeholders are good targets for us and the more aggressive the roll out of any players become, the more business opportunity it drives into TV2U.

As we continue to preach, TV2U is all about digital content distribution, and with a fantastic business model that supports our first-class technologies, I have every reason to be optimistic."

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CEO Andy Brown reports:

“Listening to shareholder concerns in March, I want to address the financial position of the business. It’s clear from our reported accounts that we have been running low on working capital, and on joining the company this was an area that I set myself a target to address by the end of the month. We are working with a number of interested parties on a way forward that will satisfy our needs and I will report the outcome of these negotiations as soon as they are finalised. Placing the shortfall of the December/January 2016/17 Rights Issue was one way to think about providing working capital but gave me a concern, as the share price was not supporting our potential. I have recommended to the Board that they elect not to exercise the right to place the shortfall shares.

My other major concern I have seen is a lack of visibility of Alan Boyd who was appointed as a Director in January 2017, and I have asked him to contribute to this month’s update, as you can see below.”

Alan Boyd added:

“I’ve been doing business in China since I first visited in 1986, a few days after Microsoft’s enormously successful IPO. I was invited to China by a friend I’d made when she visited the USA as part of a trade mission. I was Head of Acquisitions at Microsoft, where I reported directly to Bill Gates. My Chinese friend had gone on to become Deputy Prime Minister of the People’s Republic of China.

The skills I’d developed to “spot winners” in the technology sector and acquire the rights for Microsoft was, I was assured, a skill that would be much in demand in China. In 1986, they were pretty much like what North Korea is today: there was nothing there. Except, of course, 1.4 billion potential customers and roughly the same number of restaurants. They didn’t even have KTV yet.

Over the years I went back to China to meet many of the political and industry leaders. In those days politics and industry were the same thing but that’s all changed now. I started a small investment boutique in Shanghai and started building my portfolio of Chinese technology companies. The place was coming to life.

In 1999, my political friend was put in charge of taking China into the WTO. They wanted advice about Intellectual Properties, software development and basically everything under the sun about information technology. So I bit the bullet and moved to Shanghai. From here I got to watch as the world’s largest market grew up around me. What a great education. Optimism abounded.

Time went on and in 2011 I was invited by the National Development and Reform Commission (China’s top policy development agency) to look at a new city they were planning. Like everything they do in China, it was HUGE. Binhai is targeted to overtake Tokyo as Asia’s largest city by 2050. What would it take, they wanted to know, to make Binhai the world’s most technically advanced city? The world’s first Smart Megacity.

The answer was simple. They’d need everything. And at that time they didn’t have much. This was the opportunity I’d been looking for. I’d do in China exactly the same as I did at Microsoft. I’d find the world’s best technologies, bring them into China and have direct access to the 300 new smart cities Prime Minister Wen Jiabao had announced they’ll build. I wanted to find a “Service Delivery Platform” that could be used to deliver entertainment, education, telemedicine, eCommerce, eGovernment and lots more. A chance meeting with Nick in London just before Christmas 2016, and I was sold on TV2U.

Since I joined the company in January, there have been a lot of changes. We’ve brought in a new management team who are really getting the job done. We’ve turned the company’s outlook around and hopefully we’ve drawn a line under the share-price decline. We have a pipeline of deals in the works and we’re ready to start on expansion. Everything’s looking good.

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When I say “expansion” I pretty much mean expansion in all directions, not just geographically. The TV2U platform will morph into the Service Delivery Platform I mentioned above. You’ll see the first signs of this over the next couple of quarters.

Meanwhile the technology sector itself is on the verge of entering its third generation with major conceptual changes on the horizon.

The first generation started with the introduction of the PC in 1981. The second generation with the advent of the Internet around 1992. The next generation will dwarf these as we change the paradigm of information itself – instead of looking at digital information on a two-dimensional screen we’ll bring that information into the real, 3D world. Virtual Reality – which is growing like wildfire in China – is only the start. Lots more to come. By 2020, the world we live in will be unrecognizable. By 2023 there could be no more TVs, no more PCs, no more tablets, no more mobile phones, no more screens. We’re working on that vision today.”

INVESTOR ENQUIRIES:

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ABOUT TV2U

TV2U is a global complete entertainment platform that enables businesses, such as telecommunications companies, to quickly and easily offer streaming content to their customers. The service includes movies, television programs, karaoke content and games through an encrypted channel for enhanced copyright protection. TV2U also offers unique real-time viewership analytics to enable businesses to send highly targeted advertising to end-users to maximise their revenue streams. TV2U is changing the face of online entertainment and advertising.

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