



Singapore eDevelopment Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200916763W)

PROPOSED US\$50 MILLION SHARE SWAP ENTRY INTO LEGALLY BINDING TERM SHEET

1. Introduction

- 1.1 The Board of Directors (the “**Board**”) of Singapore eDevelopment Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Global BioMedical Pte. Ltd. (“**Global BioMedical**”), a wholly-owned direct subsidiary of the Company, and Impact BioMedical, Inc. (“**Impact BioMedical**”), a wholly-owned direct subsidiary of Global BioMedical, had, on 12 March 2020, entered into a legally binding term sheet (the “**Term Sheet**”) with Document Security Systems, Inc. (“**DSS**”) a NYSE listed company and DSS BioHealth Security, Inc. (“**DSS BioHealth**”) in relation to, *inter alia*:
- (a) the disposal of 1,000 ordinary shares in the share capital of Impact BioMedical held by Global BioMedical (the “**Sale Shares**”), representing the entire issued and paid-up share capital of Impact BioMedical, to DSS BioHealth; and
 - (b) the allotment and issue of 14,500,000 new ordinary shares in the share capital of DSS (the “**New DSS Shares**”), representing approximately 18.93% of the total issued and paid-up share capital of DSS on an enlarged basis, to Global BioMedical,
- (the “**Proposed Share Swap**”).
- 1.2 The Proposed Share Swap is “interested person transaction” under Chapter 9 of the Catalyst Rules which value is more than 5% of the Group’s latest audited net tangible assets (“**NTA**”) and is classified as a “major transaction” under Chapter 10 of the Catalyst Rules. Accordingly, the Proposed Share Swap is conditional upon approval by shareholders of the Company (“**Shareholders**”) in general meeting.
- 1.3 Further details on the Proposed Share Swap as an “interested person transaction” under Chapter 9 of the Catalyst Rules and on the relative figures computed on the bases set out in Rule 1006 of the Catalyst Rules relating to the Proposed Share Swap are set out in **Paragraph 9 and Paragraph 11** of this announcement respectively.

2. Information on Impact BioMedical

2.1 Corporate Information

Impact BioMedical is a company incorporated in Nevada, United States of America on 16 October 2018 and has an issued and paid-up share capital of US\$1,000 comprising 1,000 ordinary shares as at the date of this announcement.

Impact BioMedical leverages on its scientific know-how and intellectual property rights to provide solutions that have been plaguing the biomedical field for decades. Impact BioMedical, together with its scientific partners, pledges to undertake a concerted effort in research and development, and drug discovery and development for the prevention, inhibition and treatment of neurological, oncological and immune-related diseases.

Impact BioMedical will cease to be a subsidiary of the Group upon completion of the Proposed Share Swap.

2.2 Financial Information

Based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“FY2019”):

- (a) the net liability value (“NLV”) and net tangible liabilities (“NTL”) value represented by the Sale Shares was approximately S\$3.43 million (equivalent to approximately US\$2.55 million) as at 31 December 2019; and
- (b) the net losses attributable to Impact BioMedical was approximately S\$0.70 million (equivalent to approximately US\$0.51 million) as at 31 December 2019.

The gain on disposal after completion of the disposal of the Sale Shares to DSS BioHealth amounts to approximately S\$73.63 million (equivalent to approximately US\$52.55 million).

2.3 Valuation

Pursuant to Rule 1014(5) of the Catalist Rules, the Company must appoint a competent and independent valuer to value Impact BioMedical as certain relative figures computed on the bases set out in Rule 1006 of the Catalist Rules for the Proposed Share Swap exceeds 75%.

DSS will be commissioning Destum Partners, Inc. (the “**Independent Valuer**”) to conduct an independent valuation of the NLV or net asset value (“NAV”) represented by the Sale Shares. The Company will make further announcements to update its shareholders when there are material updates as may be necessary or appropriate, including when the valuation report is issued by the Independent Valuer (the “**Valuation Report**”).

3. **Information on Document Security Systems, Inc.**

The information on DSS provided below was provided to the Company by DSS. In respect of such information, the Board has not conducted an independent review or verification of the accuracy and correctness of the statements and information below. The Board’s responsibility is limited to the proper extraction and reproduction herein in the context that is being disclosed in this announcement.

- 3.1 DSS is a company incorporated in New York, United States of America in 1984 and has an issued and paid-up share capital of US\$117,876,535 comprising 62,086,099 ordinary shares as at the date of this announcement. DSS is listed on the New York Stock Exchange and is a leader in anti-counterfeit, authentication and diversion protection technologies.
- 3.2 Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company, holds, directly and indirectly, 22,954,670 shares, representing approximately 36.97% of the total issued and paid-up share capital of DSS, as at the date of this announcement. Accordingly, DSS is an associate (as defined under the Catalist Rules) of Mr Chan Heng Fai.

4. **Rationale**

- 4.1 The Board believes that the Proposed Share Swap will form a strategic relationship between the Company and DSS. The Proposed Share Swap also allows the Company to realise the potential of its subsidiary, Impact BioMedical, and reinforce its position as a global corporation. In addition, the Board believes that there are various synergies between the DSS’ security products and Impact BioMedical’s expertise and know-how in the biomedical industry.
- 4.2 For the aforementioned reasons, the Board is confident that the Proposed Share Swap will bring value to Shareholders and that the Proposed Share Swap is in the best interests of the Company and its Shareholders.

5. Consideration

- 5.1 The consideration to be paid by DSS for the Sale Shares is US\$50,000,000 (the “**Consideration**”).
- 5.2 The Consideration shall be satisfied in the following manner:
- (a) US\$3,132,000 by way of an allotment and issue of 14,500,000 New DSS Shares, representing approximately 18.93% of the total issued and paid-up share capital of DSS on an enlarged basis, to Global BioMedical at a subscription price of US\$0.216 per New DSS Share; and
 - (b) US\$46,868,000 by way of an allotment and issue of perpetual convertible bonds (the “**Perpetual Convertible Bonds**”) to Global BioMedical. Further details on the Perpetual Convertible Bonds are set out in **Paragraph 8** of this announcement.
- 5.3 The Consideration was arrived at arm’s length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:
- (a) the NLV and NTL represented by the Sale Shares of approximately S\$3.43 million (equivalent to approximately US\$2.55 million) as at 31 December 2019 based on the unaudited consolidated financial statements of the Group for FY2019; and
 - (b) the prevailing economic conditions.

6. Intended Use of Proceeds

- 6.1 The Consideration represents an excess over the book value of the Sale Shares as at 31 December 2019 of approximately S\$73.63 million (equivalent to approximately US\$52.55 million).
- 6.2 The costs and expenses incurred or to be incurred in connection with the disposal of the Sale Shares to DSS BioHealth shall be funded through the Group’s internal resources. The proceeds from the disposal of the Sale Shares to DSS BioHealth is therefore the Consideration of US\$50,000,000.
- 6.3 The Company intends to utilise the proceeds from disposal of the Sale Shares to DSS BioHealth as follows:

Intended Use of Proceeds	Allocation of Proceeds	
	(US\$)	(%)
Subscription of 14,500,000 New DSS Shares	3,132,000	6.26
Subscription of Perpetual Convertible Bonds	46,868,000	93.74

7. Principal Terms of the Term Sheet

According to the Term Sheet:

- (a) In the event that the NAV represented by the Sale Shares stated in the Valuation Report is higher than the Consideration of US\$50,000,000, Global BioMedical agreed that there shall be no upward adjustment to the Consideration quantum. In the event that the NAV represented by the Sale Shares stated in the Valuation Report is lower than the Consideration of US\$50,000,000, Global BioMedical agreed that the Consideration quantum shall be adjusted downwards in accordance with the formula below.

Downward adjusted consideration = difference in nav represented by the sale shares stated in updated valuation report and initial valuation x 12.84%
- (b) It is the intention of Impact BioMedical to pursue a public offering either on the New York Stock Exchange (NYSE) or Nasdaq, after the Proposed Share Swap.
- (c) Upon completion of the Proposed Share Swap, DSS BioHealth shall issue 2 bonus shares in Impact BioMedical for every one share in DSS held by shareholders of DSS as at the record date.

- (d) DSS shall have the right to appoint the entire board of directors of Impact BioMedical.
- (e) The parties shall as soon as practicable and in any event, not later than 3 months from the date of signing of the Term Sheet obtain such approvals required from their respective board of directors and shareholders, and from the relevant stock exchanges in which they are listed, if required.
- (f) Completion of the Proposed Share Swap shall take place within 3 months from the date of signing of the Term Sheet but subject to the parties having obtained such approvals required from their respective board of directors and shareholders, and from the relevant stock exchanges in which they are listed, if required.
- (g) The Term Sheet shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to such state's choice of law provisions which would require the application of the law of any other jurisdiction.

8. Principal Terms of the Perpetual Convertible Bonds

Total Subscription Price	: US\$46,868,000
Coupon Rate	: The holder of the Perpetual Convertible Bonds shall not be entitled to coupon payments on the total Subscription Price paid for the Perpetual Convertible Bonds.
Maturity Date	: The Perpetual Convertible Bonds shall be perpetual securities with no maturity date.
Conversion	: The Perpetual Convertible Bonds may be converted (in full or in part) into new ordinary shares in the share capital of DSS (the " DSS Conversion Shares ") at an exercise price of US\$0.216 per DSS Conversion Share (the " Conversion Exercise Price ") at any time from the date of issuance of the Perpetual Convertible Bond up to the day DSS and the holder of the Perpetual Convertible Bonds mutually agree to the redemption of the Perpetual Convertible Bonds.

The holder of the Perpetual Convertible Bonds who wish to exercise its right of conversion shall give DSS at least 3 days written notice prior to the date of conversion.

DSS also has the right of conversion which may be exercised by giving the holder of the Perpetual Convertible Bonds at least 3 days written notice prior to the date of conversion.

If DSS undertakes any corporate action such that its shares before and after such corporate action does not represent the same economic and financial participation, the Conversion Exercise Price shall be adjusted to reflect the impact of such corporate action in such manner as an independent investment bank think fair and reasonable.

Global BioMedical agreed that it shall not exercise its right of conversion to the extent that it holds more than 19.90% of the total issued and paid-up share capital of DSS on an enlarged basis after such conversion.

9. The Proposed Share Swap as an Interested Person Transaction

- 9.1 DSS is an associate (as defined under the Catalist Rules) of Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company. Accordingly, DSS is an “interested person” under Chapter 9 of the Catalist Rules and Proposed Share Swap is an “interested person transaction” under Chapter 9 of the Catalist Rules.
- 9.2 Based on audited consolidated financial statements of the Group for the financial year ended 31 December 2018, the Group’s latest audited NTA is approximately S\$35.58 million.
- 9.3 The current total of all transactions (excluding transactions less than S\$100,000) with Mr Chan Heng Fai and his associates (as defined under the Catalist Rules) for the period from 1 January 2020 to 31 December 2020 is set out in the table below.

Description of Transaction	Before Completion of the Proposed Share Swap		After completion of the Proposed Share Swap	
	Amount	As a percentage of the Group’s latest audited NTA	Amount	As a percentage of the Group’s latest audited NTA
Loan Facility from Mr Chan Heng Fai ⁽¹⁾	341,803	0.96	341,803	0.31
Consultancy Agreement with Pop Motion Consulting Pte. Ltd. ⁽²⁾	330,000	0.93	330,000	0.30
Promissory Note issued by AMRI to DSS ⁽³⁾	71,555	0.20	71,555	0.07
Proposed Share Swap	-	-	70,204,999	64.29
Total	743,358	2.09	70,673,357	64.97

Notes:

- (1) On 15 October 2018, the Company and Mr Chan Heng Fai entered into a loan agreement in relation to, *inter alia*, a loan facility of up to S\$14 million granted by Mr Chan Heng Fai to the Company (the “**Loan Facility**”). The Loan Facility is unsecured and amount drawn down shall accrue interest at a rate of 6% per annum. As at the date of this announcement, S\$5.68 million has been drawn down by the Company and the accrued interest on the amount drawn down is approximately S\$1.20 million. Assuming the principal amount will not change from the date of this announcement to 31 December 2020, the accrued interest on the amount drawn down for the period from 1 January 2020 to 31 December 2020 is S\$341,803.

Mr Chan Heng Fai is a director, the chief executive officer and a controlling shareholder of the Company. Accordingly, Mr Chan Heng Fai is an “interested person” under Chapter 9 of the Catalist Rules and the Loan Facility is an “interested person transaction” under Chapter 9 of the Catalist Rules.

- (2) On 27 August 2018, the Company and Pop Motion Consulting Pte. Ltd. entered into a consultancy agreement in relation to, *inter alia*, consultancy services provided Pop Motion Consulting Pte. Ltd. to the Company (the “**Consultancy Agreement**”). The Consultancy Agreement commenced on 1 September 2018 and the monthly consultancy payable to Pop Motion Consulting Pte. Ltd. is S\$27,500.

Mr Chan Tung Moe is a director and the sole shareholder of Pop Motion Consulting Pte. Ltd., and the son of Mr Chan Heng Fai. Pop Motion Consulting Pte. Ltd. therefore is an associate (as defined under the Catalist Rules) of Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company. Accordingly, Pop Motion Consulting Pte. Ltd. is an “interested person” under Chapter 9 of the Catalist Rules and the Consultancy Agreement is an “interested person transaction” under Chapter 9 of the Catalist Rules.

- (3) American Medical REIT, Inc. (“**AMRI**”) had, 3 March 2020, issued 800,000 promissory notes which has an aggregate principal amount of US\$800,000 (the “**Promissory Notes**”) to DSS. The Promissory Notes shall accrue interest at a rate of 8% per annum which shall be payable on the day immediately preceding the first and second anniversary of the date of issuance of the Promissory Notes. AMRI has granted DSS an option (the “**Option**”) to subscribe for an additional 800,000 promissory notes (the “**Additional Promissory Notes**”). DSS may exercise the Option during a period commencing on the date of issuance of the Promissory Notes and ending on the date the principal amount of the Promissory Notes, together with all accrued interest, has been repaid in full by AMRI. The Additional Promissory Notes shall have the same terms and conditions as the Promissory Notes, except that the Additional Promissory Notes shall not entitle DSS to a similar option to subscribe for additional promissory notes. As at the date of this announcement, no Additional Promissory Notes have been issued by AMRI to DSS. The accrued interest on the Promissory Notes for the period from 1 January 2020 to 31 December 2020 is S\$71,555.

AMRI is an indirect subsidiary of the Company. DSS is an associate (as defined under the Catalist Rules) of Mr Chan Heng Fai, who is a director, the chief executive officer and a controlling shareholder of the Company. Accordingly, DSS is an “interested person” under Chapter 9 of the Catalist Rules and issue of Promissory Notes by AMRI is an “interested person transaction” under Chapter 9 of the Catalist Rules.

- 9.4 As the value of the Proposed Share Swap as an “interested person transaction” under Chapter 9 of the Catalist Rules is more than 5% of the Group’s latest audited NTA, the Proposed Share Swap is conditional upon approval by Shareholders in general meeting pursuant to Rule 906 of the Catalist Rules.

10. Statement by the Audit Committee

- 10.1 The members of the Audit Committee are considered independent for the purposes of the Proposed Share Swap. An independent financial adviser will be appointed to advise the Audit Committee in connection with the Proposed Share Swap. An announcement relating to the same will be made by the Company in due course.
- 10.2 The Audit Committee will obtain an opinion from the independent financial adviser before forming its view on the Proposed Share Swap.
- 10.3 A circular containing the opinion of the independent financial adviser and the opinion of the Audit Committee on whether the Proposed Share Swap is on normal commercial terms and whether the Proposed Share Swap is prejudicial to the interests of the Company and its minority shareholders will be sent to Shareholders in due course.

11. Relative Figures computed on the bases set out in Rule 1006 of the Catalyst Rules

11.1 The relative figures computed on the bases set out in Rule 1006 of the Catalyst Rules for the Proposed Share Swap are as follows:

Rule 1006(a) of the Catalyst Rules	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	(12.48)% ⁽²⁾
Rule 1006(b) of the Catalyst Rules	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽³⁾	6.32% ⁽⁴⁾
Rule 1006(c) of the Catalyst Rules	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	201.06% ⁽⁵⁾
Rule 1006(d) of the Catalyst Rules	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁶⁾
Rule 1006(e) of the Catalyst Rules	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁷⁾

Notes:

1. "Net assets" means total assets less total liabilities.
2. Based on the unaudited consolidated financial statements of the Group for FY2019, the NLV represented by the Sale Shares was approximately S\$3.43 million as at 31 December 2019 which represents approximately (12.48)% of the Group's NAV of S\$27.47 million as at 31 December 2019.
3. "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
4. Based on the unaudited consolidated financial statements of the Group for FY2019, the net losses attributable to Impact BioMedical was approximately S\$0.70 million as at 31 December 2019 which represents approximately 6.32% of the Group's net losses of S\$11.07 million as at 31 December 2019.
5. The Consideration is US\$50,000,000 (equivalent to approximately S\$70.20 million) which represents approximately 201.06% of the Company's market capitalisation of approximately S\$34.92 million on 11 March 2020, being the last full market day on which trades were done preceding the date of the Term Sheet. The Company's market capitalisation was determined by multiplying the number of shares in issue (1,163,934,284 shares) by the weighted average price of such shares transacted on 11 March 2020 (S\$0.030).
6. No equity securities will be issued by the Company in connection with the Proposed Share Swap.
7. The Company is not a mineral, oil and gas company.

12. Financial Effects

12.1 The financial effects of the Proposed Share Swap on the NTA per ordinary share in the share capital of the Company ("**Share**") and the earnings per Share ("**EPS**") of the Group have been prepared based on the unaudited consolidated financial statements of the Group for FY2019.

12.2 For the purpose of illustrating the financial effects of the Proposed Share Swap, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per Share of the Group are computed assuming that the Proposed Share Swap was completed on 31 December 2019;
- (b) the financial effects on the EPS of the Group are computed assuming that the Proposed Share Swap was completed on 1 January 2019; and
- (c) the costs and expenses incurred or to be incurred in connection with the Proposed Share Swap shall be disregarded.

12.3 Financial Effects on the NTA per Share of the Group

	Before Completion of the Proposed Share Swap	After completion of the Proposed Share Swap
NTA (S\$'000)	27,467	101,100
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	1,163,934	1,163,934
NTA per Share (Singapore cents)	2.36	8.69

12.4 Financial Effects on the EPS of the Group

	Before Completion of the Proposed Share Swap	After completion of the Proposed Share Swap
Net (Loss) / Profit for FY2019 (S\$'000)	(11,072)	62,558
Weighted average number of Shares in the issued and paid- up share capital of the Company, excluding treasury shares and subsidiary holdings ('000)	1,106,336	1,106,336
EPS (Singapore cents)	1.00	5.65

12.5 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

13. Service Contracts

Save as disclosed in this announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Share Swap and no service contracts in relation thereto is proposed to be entered into by the Company.

14. Interests of Directors and Controlling Shareholders

Save as disclosed in this announcement, none of the directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Share Swap, other than through their respective shareholdings in the Company, if any.

15. Documents Available for Inspection

A copy of the Term Sheet and valuation report (once it is available) may be inspected at the registered office of the Company located at 7 Temasek Boulevard #29-01B Suntec Tower One Singapore 038987 during normal business hours for 3 months from the date of this announcement.

16. Cautionary Statement

- 16.1 Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Share Swap will be completed.**
- 16.2 Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

By Order of the Board
Singapore eDevelopment Limited

Chan Heng Fai
Executive Chairman, Executive Director and Chief Executive Officer

16 March 2020

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9886.