

INCREASE OF INVESTMENT IN SUBSIDIARY, MEOD PTE. LTD.

Unless otherwise defined herein, all capitalised terms and references used herein shall bear the same meanings ascribed to them in the Company's earlier announcement dated 26 October 2015 (the "Announcement").

1. INTRODUCTION

The Board of Directors of Edition Ltd. (the "**Company**" or "**EDL**", together with its subsidiaries, the "**Group**") refers to the earlier Announcement, and wishes to announce that the Company has increased investment in Meod Pte Ltd. ("**Meod**"), by capitalising part of the shareholder's loan provided to Meod into new ordinary shares to be issued out of the capital of Meod. With the capitalisation, Meod is now a 95% owned subsidiary of the Company.

2. INFORMATION ON MEOD AND ITS SHAREHOLDERS

By way of background, the Company wishes to provide the following updates of Meod:

- (a) The Company with Chua Chiang Yong Jeremy ("**CCY**" or "**Founder**"), Kuah Zhen Shan ("**KZS**"), Liu Mei Ling Stephanie ("**LML**") and Meod entered into the Subscription and Shareholders' Agreement dated 26 October 2015, for the purpose of developing hi-tech agricultural farms for the commercial growing of tropical vegetables in Singapore or overseas and trading of relevant agricultural products, via Meod, and to regulate their respective rights, duties and responsibilities inter se as shareholders of Meod.
- (b) On 13 April 2018 and, the Director of Meod, KZS resigned from Meod and on 2 April 2018 and 13 April 2018, the Shareholders of Meod, LML and KZS transferred all of their shares in Meod to the shareholder, CCY, respectively. The transfer was a matter amongst the other shareholders and had no material impact on Meod in terms of total number of issued shares, profits or net assets.
- (c) Consequent upon the transfer, the shareholders of Meod as at the date of this announcement are the Company and CCY, holding 51,000 and 49,000 ordinary shares in Meod respectively.
- (d) Pursuant to the Subscription and Shareholders' Agreement dated 26 October 2015 (the "**Original Agreement**") and the Loan Agreement between the Company and Meod dated 8 June 2018, the Company provided further investment by way of shareholder's loans to Meod amounting to the total sum of S\$4,599,000 and the total amount of shareholder's loan outstanding as at 31 January 2018 is S\$4,599,000 ("**Outstanding EDL Loan**").
- (e) The Company also wishes to update that subsequent to 31 January 2018, the Company provided a further loan amount of S\$508,000 to Meod and the total accrued interest on the loan amount of S\$508,000 from 1 February 2018 to the date hereof, due and owing by Meod to the Company, is S\$108,885.

3. INFORMATION ON MEOD AND ITS SHAREHOLDERS

The Company has today entered into a supplemental agreement with CCY and Meod in relation to the Original Agreement ("**Supplemental Agreement**" and together with the Original Agreement, collectively referred to as the "**Agreements**"), to amend and supplement the Original Agreement.

The salient terms of the Supplemental Agreement include as follows:

(a) Outstanding EDL Loan and First Founder's Indemnity

- (i) EDL, Meod and CCY acknowledge that EDL has provided shareholder's loans to Meod amounting to the total sum of S\$4,599,000 ("**Shareholder's Loans**") and the total amount of the Shareholder's Loan outstanding as at 31 January 2018 is S\$4,599,000, prior to capitalization as contemplated by the Supplemental Agreement.
- (ii) In consideration of the Shareholder's Loans provided by EDL to Meod, CCY agrees, undertakes, confirms and covenants with EDL that without derogation from any of the CCY's obligations to EDL under any guarantee, CCY shall indemnify EDL for all cost, losses and damages incurred by EDL in connection with the grant of the Shareholder's Loans, limited to the sum of S\$2,253,510 ("**First Founder's Indemnity**"), being the principal sum outstanding subsequent to capitalization by EDL.

(b) Capitalization

(i) Capitalization of amounts owing to EDL

The Company shall, as soon as practicable, capitalize part of the Outstanding EDL Loan being S\$2,007,000 into new ordinary shares to be issued out of the capital of Meod (the "**New EDL Shares**") at the issue price of S\$0.10 per ordinary share.

The balance amount of the Outstanding EDL Loan being S\$2,592,000, which is not capitalized shall remain outstanding and due by Meod to EDL and indemnified by the Founder pursuant to the First Founder's Indemnity.

(ii) Capitalization of amounts owing to CCY

Meod shall, at such date as determined by EDL, capitalize the outstanding shareholder's loan of S\$101,000 as at 31 January 2018 (inclusive of all interest accrued, if any) owed by Meod to CCY into new ordinary shares to be issued out of the capital of Meod at the issue price of S\$0.10 per ordinary share ("**New Founder's Shares**").

In accordance with the capitalization of the amount owing by Meod to EDL and CCY, the total number of new ordinary shares to be allotted and issued out of the capital of Meod shall be as follows ("**Capitalization**"):

	EDL	CCY
Before the proposed debt conversion		
No of existing shares held	51,000	49,000
Shareholding percentage ⁽¹⁾	51%	49%
After the proposed debt conversion		
No. of new ordinary shares to be issued and allotted:	20,070,000 (the New EDL Shares pursuant to the capitalization of debt)	1,010,000 (the New Founder's Shares pursuant to the capitalization of debt)

Shareholding percentage ⁽²⁾	95%	5%
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Notes:

(1) Based on the number of existing issued shares of Meod of 100,000 before the proposed debt conversion

(2) Based on the number of enlarged issued shares of Meod of 21,180,000. after the proposed debt conversion

Following completion of the Capitalization, EDL shall own 95% of the enlarged issued and paid-up share capital of Meod and the Founder, 5% of the enlarged issued and paid-up share capital of Meod.

As the net tangible liabilities of Meod as at 31 December 2017 was S\$2,258,834, Parties have agreed to fix the issue price at S\$0.10 for each new ordinary share to be issued out of the capital of the Company.

Following completion of the Capitalization, the balance of the Outstanding EDL Loan shall be the sum of S\$2,592,000, carrying an interest of 10% per annum ("**Post-Capitalization Outstanding EDL Loan Amount**").

(c) Second EDL Loan and Second Founder's Indemnity

After completion of the Capitalization, EDL shall, at Meod's request, increase its investment in Meod by providing a fresh shareholder's loan of S\$408,000 to Meod, carrying an interest at 10% interest per annum, accrued on a daily basis ("**Second EDL Loan**").

In consideration of the Second EDL Loan provided by EDL to the Meod, CCY agrees, undertakes, confirms and covenants with EDL to indemnify EDL all cost, loss and damages incurred by EDL in connection with the grant of the Second EDL Loan, in respect of part of the Second EDL Loan being the sum limited to S\$199,920 ("**Second Founder's Indemnity**").

The Company will utilise its internal resources to fund the Second EDL Loan.

(d) Repayment of the Post-Capitalization Outstanding EDL Loan Amount and the Second EDL Loan

- (i) The interest of 10% p.a. on each of the Post-Capitalization Outstanding EDL Loan Amount and/or the Second EDL Loan shall be paid by Meod to EDL on a monthly basis, commencing from exactly one month after the date of completion of the Capitalization and the month after issuance by EDL to Meod of the Second EDL Loan, respectively.
- (ii) The aggregate principal amount of the Post-Capitalization Outstanding EDL Loan Amount and the Second EDL Loan (that is the total sum of S\$3,000,000), shall be repaid by Meod to EDL through any positive operating cashflow generated from operations, before change in working capital, on a quarterly basis.
- (iii) The Post-Capitalization Outstanding EDL Loan Amount and the Second EDL Loan shall be fully repaid within 7 years from the date of completion of the Capitalization and the date of issuance by EDL to Meod of the Second EDL Loan ("**Final Maturity Date**"), unless the Final Maturity Date is extended with EDL's written consent.

- (iv) Meod shall be in default if, among others, interest on the Post-Capitalization Outstanding EDL Loan Amount or Second EDL Loan is outstanding for 3 months (“**Events of Default**”). Upon occurrence of any of the above Events of Default, EDL may in its discretion, demand full repayment of the Post-Capitalization Outstanding EDL Loan Amount and the Second EDL Loan from the Company and/or from CCY pursuant to the First Founder’s Indemnity and Second Founder’s Indemnity.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The Capitalisation and the Second EDL Loan (collectively, the “**Proposed Transactions**”) are not expected to have any material impact on the net asset per share and earnings per share of the Group for the financial year ending 31 December 2017.

The financial effects of the Proposed Transactions on the Group are theoretical in nature and for illustrative purposes only and do not reflect the future financial position of the Company or the Group after completion of the Proposed Transactions.

(a) Net tangible assets per share

Based on the audited consolidated financial statements of the Group for FY2017, assuming the Proposed Transactions were completed as at 31 December 2017, the effect of the Proposed Transactions on NTA per ordinary share of the Company are as follows:

	Before completion of the Proposed Transactions	After completion of the Proposed Transactions
NTA attributable to Shareholders (S\$’000)	27,673	27,186
Number of Shares, excluding treasury shares(’000)	2,510,924	2,510,924
NTA per Share attributable to Shareholders (cents)	1.10	1.08

(b) Earnings per share

Based on the audited consolidated financial statements of the Group for FY2017, assuming the Proposed Transactions were completed as at 1 January 2017, the effect of the Proposed Transactions on earnings per ordinary share of the Company are as follows:

	Before completion of the Proposed Transactions	After completion of the Proposed Transactions
Net loss attributable to shareholders (S\$’000)	(1,686)	(1,686)
Weighted average number of Shares, excluding treasury shares(’000)	2,510,924	2,510,924
EPS (cents)	(0.07)	(0.07)

5. OTHER MATTERS

(a) **RATIONALE OF THE PROPOSED TRANSACTIONS**

The increase in investment in Meod will serve to strengthen the financial position of Meod and enable Meod to focus on developing and expanding its business of high-tech agricultural production and the trading and/or distribution of agricultural related products. The Proposed Transactions are in the ordinary course of business and are in line with the Group's strategy to participate in the growth prospects of the agricultural industry and opportunities for the Company to increase its revenue and income streams.

(b) SERVICE CONTRACT

The remaining founder of Meod, CCY, shall enter into a new service contract with Meod, in the form as notified by EDL, to continue his role in operations for a lower remuneration.

(c) INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling Shareholders of the Company has any interest, directly or indirectly, in the Supplemental Agreement, other than through their shareholdings in the Company, if any.

(d) DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Supplemental Agreement is available for inspection at the registered office of the Company at 80 Robinson Road, #02-00 Singapore 068898, during normal business hours for three (3) months from the date of this announcement.

On behalf of the Board

Mr Ong Boon Chuan
Executive Chairman and Chief Executive Officer
8 June 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Ms Tay Sim Yee (Telephone: (65) 6532 3829) at 1 Robinson Road, #21-02, AIA Tower, Singapore 048542.
