

PROPOSED INVESTMENT IN HYPERLYNC TECHNOLOGIES LIMITED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Edition Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has on 4 June 2018 entered into a Binding Memorandum of Understanding (“**MOU**”) with Hyperlync Technologies Limited (Company Registration Number 514186303), a corporation established under the laws of Israel with registered address at 4 Hasadna Street, Jerusalem 9110502, Israel (“**Hyperlync**”), wherein the Company proposes to acquire a stake of 51% in the enlarged share capital of Hyperlync (“**Proposed Acquisition**”).

As part of the Proposed Acquisition, the Company intends to extend a bridging loan of S\$1 million (the “**Bridging Loan**”) to Hyperlync under the terms of a loan agreement (the “**Loan Agreement**”) which was executed simultaneously with the MOU.

2. BUSINESS OF HYPERLYNC

Founded in 2008, in Jerusalem, Israel, Hyperlync is the leading expert in providing Cyber Security solutions for personal content that enables consumers and enterprises to access, manage and protect their content no matter where it resides.

Hyperlync has developed the highest quality, scalable, turnkey white label solutions using its proprietary architecture for Telcos, Insurance Companies and Banks for their retail customers. The current R&D team has developed a series of ready to sell products, namely Mobile Protector®, PC Protector™, Social Security™ and Content Protector Pro™. Their current market presence is mainly in North America and Western Europe.

Mr Harry Fox is the Chief Executive Officer and Founder of Hyperlync, and he owns 11% of its issued share capital.

3. PRINCIPAL TERMS OF THE MOU

3.1 The Bridging Loan is intended to be disbursed in one lump sum for a loan tenure of 6 months at an interest rate of 8% per annum. Further details of this loan are set out below in Section 4.

3.2 Subject to the full drawdown of the Bridging loan, satisfactory due diligence and execution of definitive legally binding agreements, the Company proposes to acquire new shares representing 51% of the enlarged share capital of Hyperlync by extending a credit facility of up to US\$3.5million at an interest rate of 8% per annum (the “**Facility**”). The factors which the Company took into consideration in extending this amount of credit is further elaborated in Section 5 below.

3.3 The Facility may at the option of the Company be limited to a maximum amount of US\$3 million if:-

(a) Hyperlync fails to achieve a minimum pre-tax profit for Q4 2018 of US\$300,000; or

- (b) starting from Q1 2019, Hyperlync fails to achieve at least US\$1 pre-tax profit in every quarter, and a total pre-tax profit of a minimum sum of US\$2,000,000 per annum.

Failure to meet the above stated minimum criteria may result in the Company having the right to terminate the Facility.

- 3.4 The Bridging Loan shall be treated as a sum already drawn down under the Facility, and the Loan Agreement shall automatically terminate from the date the terms of the Facility are agreed and entered into under a definitive investment agreement (the “**Investment Agreement**”). The Facility shall be made available to Hyperlync for a period of two (2) years, and the maximum commitment of the Company in the Proposed Acquisition will not be more than US\$3.5million (including the Bridging Loan). No further sums will be committed by the Company to Hyperlync for working capital or other purposes.
- 3.5 The Company will be entitled to an annual management fee calculated at 0% of Hyperlync’s annual operating costs in 2018, 3% of Hyperlync’s annual operating costs in 2019, and 5% of Hyperlync’s annual operating costs for 2020 and every year thereafter. Hyperlync shall be responsible for all the accounting costs related to the Company reporting Hyperlync financials in both Israel and in Singapore.
- 3.6 The Company will further grant to Mr Harry Fox (or such other person as Hyperlync may nominate in writing) (the “**Option Holder**”) a call option (the “**Call Option**”) to require the Company to allot and issue to the Option Holder such number of new fully paid-up shares representing up to 20% of the total enlarged share capital of the Company if the aggregate profits before tax of Hyperlync in respect of the financial years 2019 and 2020 are within the performance targets set out below (the “**PBT Target**”) as determined based on Hyperlync’s audited accounts for the relevant period:-
 - (a) If the PBT Target is US\$23.06 million and above, the Company shall allot and issue to the Option Holder such number of new fully paid-up shares representing 20% of the total enlarged share capital of the Company; or
 - (b) If the PBT Target is US\$17.30 million and above, the Company shall allot and issue to the Option Holder such number of new fully paid-up shares representing 15% of the total enlarged share capital of the Company, and any fluctuation of the PBT Target shall be pro-rated accordingly by using this as a point of reference; or
 - (c) If the PBT Target is US\$11.53 million and below, the Company shall allot and issue to the Option Holder such number of new fully paid-up shares representing 10% of the total enlarged share capital of the Company.
- 3.7 The Investment Agreement will contain provisions relating to, amongst others, how the Company will have the standard controls over Hyperlync that a majority shareholder would typically hold in an Israeli company under the laws of Israel, including control over the board of directors, voting control at general meetings and other reasonable controls on such terms as may be mutually agreed between Hyperlync and the Company, it being the intent of the parties that all such controls will not restrict or prevent Hyperlync’s management team from achieving the PBT Target.
- 3.8 For as long as the PBT Target has not been determined in accordance with section 3.6 above, the Company will not pledge, charge, mortgage (whether by way of fixed or floating charge) or otherwise encumber its legal or beneficial interest, or transfer any legal and/or beneficial interest, in any of the 51% shares in Hyperlync except with the prior written consent of the Option Holder and the unanimous approval of Hyperlync’s board of directors.
- 3.9 If Hyperlync has insufficient cash, then its shareholders shall provide shareholders’ loans to Hyperlync based on their respective shareholdings in the capital of Hyperlync (i.e. Edition shall

lend 51% of the sum required and the other Hyperlync shareholders shall lend the balance 49%). If the other Hyperlync shareholders fail to provide 49% of the sum required by Hyperlync, then a capital call shall be made with the Company maintaining a minimum post-dilution equity stake of 51% or more, as applicable (assuming the Company makes a full capital call contribution proportionate to its current equity stake of 51%).

- 3.10 Upon Hyperlync's repayment of the Facility in full to the Company and any other debt owing to any other third party lender, as well as having accrued sufficient cash to cover gross expenses for 1 full year of operations, then all of the remaining cash shall be available for dividend distribution to the shareholders of Hyperlync.
- 3.11 The MOU will take effect as of the date of execution, and will automatically terminate on the earlier of any of the following:
- (a) Execution of the Investment Agreement and the Call Option Agreement;
 - (b) The Parties' mutual agreement to terminate this MOU prior to the execution of the Investment Agreement and the Call Option Agreement; or
 - (c) Unsatisfactory due diligence findings that have material adverse effect on either party's decision to proceed with the Proposed Acquisition.

4. PRINCIPAL TERMS OF THE BRIDGING LOAN

- 4.1 Except in the event of a default under the Loan Agreement or a merger with the Facility under the Investment Agreement, it is the intention of the parties that the Bridging Loan will be repaid in full with interest at the end of six (6) months.
- 4.2 As security for the Bridging Loan, if Hyperlync fails to repay or there is an event of default, then the Company will have the right to exercise the option to convert ("**Conversion Option**") into new fully paid up ordinary shares representing 30% of the total issued share capital of Hyperlync ("**Conversion Shares**"). The exercise of the Conversion Option resulting in the allotment and issue of the Conversion Shares will be a good discharge of Hyperlync's obligations to repay the Bridging Loan.
- 4.3 Concurrent with the execution of the Loan Agreement for the Bridging Loan, the Company will also grant a call option to Mr Harry Fox which if exercised within a period of 12 months after exercise of the Conversion Option by the Company, will enable Mr Harry Fox to buy back the Conversion Shares for a consideration of S\$2million.

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is part of the Company's business strategy to continue investing in the technology sector, which the Company believes has potential for growth. The Board believes that re-invigorating this segment of the Company's core business will provide shareholders with a potential new income stream and improve its growth prospects. This will eventually enhance the shareholder value. Having considered the terms of the Proposed Acquisition as set out below, the Board is of the view that the Proposed Acquisition is in the best interests of the Company.

In deciding on US\$3.5 million as the amount for the credit facility referred to in Section 3.2 above, the Company considered the following factors:-

- a) As the Company's financial performance is currently solely dependent on one core business, that is, agriculture, the Proposed Acquisition will provide a new income stream which will improve the financial performance.

b) Hyperlync has developed four marketable end products and is ready to sell in the international markets and has already secured 6 substantial corporate customers.

6. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Bridging Loan and Facility shall be paid in cash by the Company and will be funded by the Company using internal cash resources.

7. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION

Relative figures under Rule 1006 of the Catalyst Rules

For purposes of Chapter 10 of the Listing Manual, Section B: Rules of Catalyst (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited and based on the latest audited financial statements of the Group for the financial year ended 31 December 2017 (“**FY2017**”), the relative figures of the Proposed Acquisition are as follows:-

Catalist Rule 1006	Bases	%
(a)	The net asset value of the assets disposed of, compared with the Group's net asset value.	Not applicable.
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits ⁽¹⁾ .	60%
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued ordinary shares of the Company excluding treasury shares ⁽²⁾ .	56%
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue ⁽³⁾ .	25%
(e)	The aggregate volume or amount proven 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 or mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable.

Notes:

(1) Pursuant to Rule 1002(3)(b) of the Catalyst Rules, “net profits” is defined as profits before income tax, minority interests and extraordinary items. The Group's net loss before tax for FY2017 was S\$2.23 million, Hyperlync's audited net loss before tax attributable to the 51% stake held by the Company for FY2016 was S\$1.34 million. The Hyperlync's audited financial statement for FY2017 was not available on the date of announcement.

(2) Aggregate consideration includes the Facility of US\$3.5 million, which is approximately S\$4.69 million based on an exchange rate of US\$1 = S\$1.34 and the value of the maximum number of Company's shares, i.e. at 627,730,923 shares to be issued at S\$0.006 (which was based on the volume weighted average price on the last trading date preceding the date of the MOU for illustrative purposes), which is approximately S\$3.77 million. The Company's market capitalization of S\$12.6 million was computed based on the Company's existing issued and paid-up share capital of 2,510,923,690 shares as at the

date of this announcement and the volume weighted average price of S\$0.006 on the last trading date preceding the date of the MOU.

- (3) Assuming that Hyperlync achieves the PBT Target of US\$23.06 million and above in FY2019 and FY2020 and as a result, the Call Option is exercised for Company to allot and issue 20% of the enlarged share capital of the Company.

As the relative figures computed under Catalist Rule 1006(b) involves negative figures, the Company will be submitting an application, through the Sponsor to consult SGX-ST pursuant to Catalist Rule 1007(1) on whether shareholders' approval is required for the Proposed Acquisition. The Company will keep shareholders updated of further developments in due course.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition are set out below strictly for illustrative purposes and do not necessarily reflect the actual financial performance and position of the Group following the Proposed Acquisition. The figures presented below are based on the Group's latest announced consolidated financial statements for FY2017.

Effects on net tangible assets

Had the Proposed Acquisition been effected on 2018, the financial effect on the net tangible assets ("NTA") of the Group for FY 2019 is as follows:-

	Before Proposed Acquisition	After Proposed Acquisition	
		Minimum Scenario ^a	Maximum Scenario ^b
Consolidated NTA attributable to the shareholders of the Company ^c (S\$'000)	27,673	38,541	53,991
Number of issued shares, excluding treasury shares ('000)	2,510,924	2,789,916	3,138,655
Net tangible assets per share (Singapore cents)	1.10	1.38	1.72

Effects on earnings

Had the Proposed Acquisition been effected on 2018, the financial impact on the Company's earnings per share for FY 2019 is as follows:-

	Before Proposed Acquisition	After Proposed Acquisition	
		Minimum Scenario ^a	Maximum Scenario ^b
Net profit attributable to shareholders after tax and minority interests (S\$'000)	(1,686)	13,764	29,214
Weighted average number of issued shares, excluding treasury shares ('000)	2,510,924	2,789,916	3,138,655
Earnings per shares	(0.07)	0.49	0.93

(Singapore cents)			
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Notes:

- a. Assuming that Hyperlync achieves the PBT Target of US\$11.53 million and below in FY2019 and FY2020 and as a result, Harry Fox exercises his Call Option to purchase 10% of the enlarged share capital of the Company.
- b. Assuming that Hyperlync achieves the PBT Target of US\$23.06 million and above in FY2019 and FY2020 and as a result, Harry Fox exercises his Call Option to purchase 20% of the enlarged share capital of the Company.
- c. NTA includes the NTA attributable to the Company, the 51% stake in the NTA of Hyperlync of -S\$4.58 million and the PBT achieved by Hyperlync.

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Acquisition. No representation is made as to the actual financial position and/or results of the Company or the Group after completion of the Proposed Acquisition.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than their respective shareholding interests in the Company, if any).

10. SERVICE CONTRACTS

At present, there is no intention to appoint any new directors to the Board in connection with the Proposed Acquisition.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Shareholders should note that a copy of the MOU and the Loan Agreement will be available for inspection during normal business hours at the Company's registered office at 80 Robinson Road, #02-00, Singapore 068898 for a period of three (3) months from the date of this announcement.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) to keep shareholders informed, as and when there are further updates or developments in due course.

13. RESPONSIBILITY STATEMENT

The Directors of the Company (including any Director who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information

has been accurately and correctly extracted from those sources and/or reproduced in announcement in its proper form and context.

14. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's shares, as there is no certainty that completion will take place. In the event of any doubt as to the action they should take, shareholders and potential investors should consult their financial, tax, legal or other professional advisors.

**By Order of the Board
Edition Ltd.**

Ong Boon Chuan
Executive Chairman and Chief Executive Officer
5 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 Singapore Exchange Securities Trading Limited ("**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, at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542, telephone (65) 6532 3829.