

**Edition Ltd.**  
(Incorporated in Singapore)  
(Company Registration No. 200411873E)

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**RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 3 NOVEMBER 2020**

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The Board of Directors (the “**Board**”) of Edition Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the below queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 3 November 2020, regarding the Company’s announcement made on 2 November 2020 on the Company’s acquisition of 500,000 shares in the capital of Arete M Pte Ltd (“**Arete M**”).

1. Please disclose what were the Board’s plans and intentions when it entered into (1) the Binding Term Sheet dated 1 June 2017 for an interest-free deposit of S\$1.5m to Arete M, secured by a personal guarantee; and (2) the addendum dated 31 July 2019 wherein the Loan became interest bearing at 6% p.a.? Were either/both of these developments announced on SGXNet, and why?

The Board’s plans and intentions when it entered into the Binding Term Sheet dated 1 June 2017 was to invest in Arete M, initially structured as an interest-free deposit and secured by a personal guarantee from the majority shareholder of Arete M, with the right to convert into ordinary shares in Arete M. Subsequently, the addendum dated 31 July 2019 was entered into to improve on the terms in the Binding Term Sheet with an interest element to be levied on the refundable deposit.

Both of these developments were not announced on SGXNet as both developments are within one of the core business activities of the Group, i.e. investing in quoted and unquoted securities. The mandate to engage in such businesses was obtained from the shareholders of the Company on 22 April 2014.

Further, if the Company had converted the S\$1.5m to Arete M shares, it would have resulted in the Company holding 15.79% of the enlarged share capital of Arete M (refer to answer to Question 3 below). This would have been a percentage that was below 20%, at which threshold Arete M would not be an associated company of the Company – and therefore there was no requirement to announce under the Catalist Rules.

2. What happened between 1 June 2017 and 31 July 2019? Why did the Company not seek to recover the refundable deposit and left it as long outstanding receivable? As at 31 December 2019, the long outstanding receivable amounting to \$1,500,000 represented 45% of total trade and other receivables.

Arete M is a certified FBO license holder that provides mission critical communication with total isolation from the Internet and public networks – this being one of the highest forms of Cyber Security. The Company saw market potential in this arena and entered into the Binding Term Sheet with Arete M in 2017. Under this Term Sheet, the Company (in return for putting down a

refundable deposit of S\$1,500,000) was given the ability to monitor the performance of Arete M and evaluate its suitability for the Company's potential investment. During the period from 1 June 2017 to 31 July 2019 – the Company monitored the performance of Arete M and the market. The S\$1,500,000 was a refundable deposit (much in the nature of an Option to Purchase) and was never a trade receivable at any time.

In 2019, as part of the Company's ongoing review of its investments, the Company sought to amend the terms of the Binding Term Sheet to include interest to be levied on the refundable deposit. It did this via the Addendum which improved on the yield from the funds deployed while keeping all other terms of the Binding Term Sheet unchanged. The market potential of Arete M's technology had then also improved as seen from the roll out of network solutions to Arete M's customers, but not enough for the Company to decide to convert the loan into shares yet.

The Company sought to recover the refundable deposit and received a partial repayment of S\$500,000 in March 2020. The Company again sought to recover the refundable deposit in October 2020, and was informed of Arete M's changed circumstances – making it an attractive investment now for the Company (see answer to Questions 3, 5 and 6 below). Out of the remaining S\$1,000,000 outstanding plus accrued interest of S\$106,430 aggregating S\$1,106,430, the Company then received S\$306,430 in cash from Arete M and deployed S\$800,000 for the subscription of shares in Arete M.

3. Please disclose what was the agreed rate of conversion of the Loan into Arete M shares (price per Arete M share) as agreed in the addendum.

As described in the answer to Question 2 above, the Addendum only introduced interest to be levied on the refundable deposit. Terms concerning conversion remain unchanged and for these we refer to the Binding Term Sheet. As set out in the Binding Term Sheet, the refundable deposit of S\$1,500,000 can be converted to ordinary shares in Arete M constituting 15.79% of the enlarged share capital based on Arete M's own valuation of S\$8,000,000 for its fund-raising exercise. There was not a specific per share agreed rate of conversion.

4. Please disclose the identity of the personal guarantor and whether any Directors and/or controlling shareholders of the Company are related / associated with the personal guarantor.

With his consent to disclose, the personal guarantor is Mr Lim Tong Soon and to the best of the Company's knowledge, he is also the largest shareholder and director of Arete M. The Company confirms that the Directors and/or controlling shareholders of the Company are not related / associated with the personal guarantor.

5. The conversion of the remaining S\$800,000 interest-bearing deposit outstanding at a conversion rate of S\$1.60 for one (1) new ordinary share in Arete M, such issued shares shall be treated as fully paid up and shall rank equally and/or pari passu with all existing fully paid up shares issued by Arete M. Arete M has net liabilities of approximately S\$634,000 as of 31 December 2019. No valuation was conducted with respect to the Subscription.

- (a) How is the conversion rate of S\$1.60 for one (1) new ordinary share in Arete M arrived at? What did the AC consider in arriving at whether the conversion rate and consideration price is fair and reasonable to the Listco, especially since Arete M is in a net liabilities position?

The conversion rate of S\$1.60 for one (1) new ordinary share in Arete M is determined by Arete M in its offer price to its existing shareholders, creditors and selected parties (like the Company) approached by Arete M in its fund-raising exercise. Out of the outstanding amount of S\$1,106,430 due from Arete M, the Company has negotiated for S\$800,000 to be for the subscription of 500,000 shares and S\$306,430 in cash to be for the repayment to the Company.

Although the conversion rate is determined by Arete M and no external valuation was carried out, an internal discounted cash flow analysis has been carried out by the Company to assess the attractiveness of the subscription at S\$1.60 per share.

As described in the “Rationale of the subscription” in our Announcement dated 2 November 2020, Arete M is in the private enterprise network market and this is emerging as a strong industry trend in the Industry 4.0 Revolution. Being an early innovator that had secured the first license to deploy and operate a private long term evolution network in Singapore, Arete M has the potential to be a substantial player in this new market. This in itself represents an attractiveness.

Despite Arete M being in a net liabilities position, taking into consideration the (i) the post-subscription net assets value; (ii) earnings and growth potential of Arete M; (iii) the fact that Arete M has obtained a sole award from IMDA for the use of a dedicated frequency spectrum in a critical technology at the leading edge of the Industry 4.0 Transformation; and (iv) an internal valuation of Arete M; the AC is of the view that the conversion rate and consideration price is fair and reasonable. As such, no external valuation was conducted with respect to the subscription of shares.

- (b) Why is there no valuation conducted with respect to the Subscription?

Please refer to answer to Question 5(a) above.

6. As at 2 Nov 2020, the amount outstanding due from Arete M is S\$1,106,430. Having considered the terms of the Subscription, the Board is of the view that the Subscription is in the best interests of the Company. Please elaborate on the terms of the Subscription and the basis for the Board to decide to subscribe in shares of Arete M rather than to treat it as a Loan, and how this is in the best interests of the Company.

#### Terms of the Subscription

The terms of the Subscription are (i) payment of S\$306,430 from Arete M to the Company (being S\$200,000 for interest-bearing deposit outstanding and S\$106,430 for the accrued interest); (ii) conversion of the outstanding S\$800,000 interest-bearing deposit to Arete M shares at the conversion rate of S\$1.60 per ordinary share; and (iii) the discharge of the Personal Guarantee.

#### Basis for the Board to decide to subscribe in shares of Arete M rather than to treat it as a Loan

The initial interest-free deposit was an investment into a technology company with a FBO license for the use of a dedicated frequency spectrum, awarded by IMDA solely to Arete M. Since being awarded with the FBO license from IMDA, Arete M had built up a proven track record in its ability to roll out the solutions, had strengthened on its management team and is in process of bringing in potential strategic partners as shareholders. The current share subscription of 500,000 shares in Arete M is the same conversion right in the Binding Term Sheet but at a more attractive entry price of S\$800,000 and further is in exchange for a higher shareholding in Arete M (from initially 15.79% to now between a range of 22% to 39% depending on the fund raising take up rate of other investors of Arete M). As elaborated in the answer to Question 5 above and in the next paragraph, the upside potential of investing in Arete M via equity participation makes more sense than leaving it as a loan.

How this is in the best interests of the Company

As elaborated in the paragraph above, this represents potential value creation for the Company's shareholders at a calculated risk level. This investment will open up a new income stream in time to come and broaden the Group's portfolio of businesses. In the process, this will reduce the Company's exposure to and sole dependence on the agricultural sector. Therefore, the Board is of the view that this is in the best interests of the Company.

7. What due diligence did the board perform on Arete M?

The Company had conducted due diligence on the awarded FBO license and financial projections of Arete M.

8. Will the Company have board or management representation on Arete M?

At this juncture, we do not believe we need to have board or management representation in Arete M.

9. As the Company's financial performance is currently solely dependent on one core business, that is, agriculture, the Subscription will provide a new income stream in the technology sector. Please elaborate on the existing expertise in the Board / Management that will be overseeing this new investment.

The Board currently consists of 4 members, each with their respective expertise in areas of legal, finance, business and investments. In addition, our Chairman has expertise and experience in the information and communications technology arena and intellectual property law. Our Chief Executive Officer has experience in technology investments. Collectively, the Board will be overseeing this new investment and where necessary, the Company will be open to engaging additional expertise in this oversight role.

10. What are the controls / processes / procedures put in place on the Group's M&A / corporate transactions? How is the AC satisfied that cash and assets of the Group are safeguarded?

The Group has in place controls / processes / procedures on the Group's administration of its businesses as spelt out in our Corporate Governance Report in the annual report for the financial year ended 31 December 2019. One of the matters which requires Board's approval is the authorisation of major transactions and merger and acquisition transactions. The Board is a

hands-on Board and meets often whenever there are M&A/corporate transactions and/or a new investment initiative and discusses issues at length, up to the final approval of the transactions. Further, there is a delegation of authority matrix/policy and procedures in place for the disbursement of cash; it has to be co-signed by the Chief Executive Officer and the Financial Controller.

The AC, assisted by the external audit and internal audit function, is satisfied that the Group's cash and assets are safeguarded. Notwithstanding this, the AC's reviewing process is always ongoing and is conducted at least at half-yearly intervals.

11. How is Arete M related to 8Telecom, both historically and currently? Who are the other shareholders of Arete M?

The Company, the Directors and the Management are not related to 8Telecom in any way. To the best of the Company's knowledge, Arete M is no longer related to 8Telecom. 8Telecom held 51% of Arete M's share capital previously and ceased to hold such share capital with effect from 4 September 2019. The majority shareholder of Arete M is Mr Lim Tong Soon.

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

Ong Boon Chuan  
Executive Director and Chief Executive Officer  
6 November 2020

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This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms Tay Sim Yee (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.