



Singapore eDevelopment Limited

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

PROPOSED US\$50 MILLION SHARE SWAP RESPONSES TO QUERIES RAISED BY THE SGX-ST

The Board of Directors (the “**Board**”) of Singapore eDevelopment Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to:

- (a) the announcement made by the Company on 16 March 2020 in relation to, *inter alia*, the entry into a legally binding term sheet dated 12 March 2020 (the “**Term Sheet**”) between Global BioMedical Pte. Ltd. (“**Global BioMedical**”), a wholly-owned direct subsidiary of the Company, Impact BioMedical, Inc. (“**Impact BioMedical**”), a wholly-owned direct subsidiary of Global BioMedical, Document Security Systems, Inc. (“**DSS**”) and DSS BioHealth Security, Inc. (“**DSS BioHealth**”) in relation to, *inter alia*:
 - (i) 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
 - (ii) 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**”);
- (b) the announcement made by the Company on 17 March 2020 setting out the Company’s responses to queries raised by the SGX-ST on the 16 March 2020 Announcement (the “**17 March 2020 Announcement**”);
- (c) the announcement made by the Company on 9 April 2020 in relation to, *inter alia*, the appointment of W Capital Markets Pte. Ltd. the independent financial adviser to opine 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; and
- (d) the announcement made by the Company on 4 May 2020 (the “**4 May 2020 Announcement**”) in relation to, *inter alia*, the entry into a share exchange agreement dated 21 April 2020 (the “**Share Exchange Agreement**”) between Singapore eDevelopment Limited, Global BioMedical Pte. Ltd., Document Security Systems, Inc. and DSS BioHealth Security, Inc. in relation to, *inter alia*, the Proposed Share Swap,

(collectively, the “**Previous Announcements**”).

The Board sets out below the Company's responses to queries raised by the SGX-ST on the 4 May 2020 Announcement.

SGX Query	Company's Response
<p>1. The Share Exchange Agreement was entered into on 21 April 2020 and was fully executed by aforesaid parties on 27 April 2020, why was it only announced on 4 May 2020?</p>	<p>The announcement was drafted and went through a few rounds of validation and reviews from various parties (i.e. DSS Counsel, DSS Management Team, Destum Partners, Hong Leong Finance, Shooklin & Bok, SeD Management Team, mainly in the United States and Singapore) across different time zones to ensure that the disclosure was adequate and accurate. In addition, Friday was a public holiday. DSS did their filing on the 1 May 2020 and announced only on 4 May 2020. The Company had ensured that the announcement was released before trading hours on Monday, 4 May 2020.</p>
<p>2. Why was US\$2,779,214 owed by Impact BioMedical to Global BioMedical converted into share capital of Impact BioMedical to Global BioMedical ("Subscription")? The amount owed by Impact BioMedical to Global BioMedical formed part of the net liability value ("NLV") and net tangible liabilities ("NTL") value represented by the Sale Shares of approximately S\$3.43 million (equivalent to approximately US\$2.55 million) as at 31 December 2019.</p> <p>(a) When the Term Sheet was entered into on 12 March 2020, was it contemplated that the amount owed to Global BioMedical would be converted into share capital of Impact BioMedical to Global BioMedical prior to the Proposed Share Swap? Otherwise, when and why did this happen.</p> <p>(b) Given that the outstanding of US\$2,779,214 owed by Impact BioMedical to Global BioMedical was settled via issuance of shares in Impact BioMedical, what is now the NLV and NTL value represented by the Sale Shares post-Subscription?</p>	<p>It was negotiated and agreed by both parties on the capitalisation of debt to take place for the benefit of having a stronger balance sheet without having debts owing after the transaction is completed.</p> <p>(a) Yes, the decision has been contemplated upon for the conversion to take place before the Proposed Share Swap and was pending the auditor's report and administrative work to be done for the conversion to be completed.</p> <p>(b) The NTA and NAV of Impact BioMedical as at 31 March 2020 after the conversion is US\$149,328.</p>

3. It was stated that the Rationale of the Proposed Share Swap was to allow the Company to realise the potential of its subsidiary, Impact BioMedical, and reinforce its position as a global corporation. We note SED's press release dated 23 Apr 2020 and announcement on 4 May 2020 that the valuation and potential of the assets held by Impact Biomedical amount to approximately US\$382m.

Even though the net liability value represented by the Sale Shares was approximately S\$3.43 million (equivalent to approximately US\$2.55 million) as at 31 December 2019, given that the valuation of the assets held by Impact Biomedical amount to approximately US\$382m (7.62 times of the consideration), please elaborate on how the AC is satisfied that the Consideration of US\$50million is not undervalued and is in the best interest of the Company?

The AC and the board have considered the following points upon arriving at the Consideration price.

1. Valuation

- The valuation is subject to it achieving commercialisation status.
- Total amount of funds invested into Impact BioMedical as at 17 March 2020: SGD 3,615,228.95.

2. Positioned to Capture Future Growth in Value of Impact BioMedical

The Proposed Share Swap is structured in such a way which allows the Company to continue to capture the growth of Impact BioMedical in the near future through the appreciation in the common stock of DSS. This was disclosed in the announcement made by the Company on 17 March 2020 Announcement.

The Convertible DSS Shares are convertible securities of DSS. For illustration purposes and based on the assumption that:

- a. Global BioMedical does not have any limit to the number of common stock of DSS it can hold at any one time; and
- b. Global BioMedical exercise its right of conversion for all 46,868 Convertible DSS Shares and receives 231,481,481 common stock of DSS,

Global BioMedical will hold in aggregate 231,481,481 common stock of DSS, representing approximately 78.9% of the total number of common stock of DSS on an enlarged basis comprising 293,567,580 common stock. In other words, without the 19.9% limit of the number of DSS shares Global BioMedical can hold at any one time, the 14,500,000 DSS shares and the US\$46,868,000 worth of perpetual convertible preferred stock (which can be converted at the conversion rate of US\$0.216 per DSS share) to be issued to Global BioMedical, taken together, represent a potential for Global BioMedical to own approximately 78.9% of the total number of common stock of DSS on an enlarged basis.

Notwithstanding that Global BioMedical cannot hold more than 19.9% of the total number of common stock of DSS at any one time on an enlarged basis after such conversion, the Company intends to capture the growth of Impact BioMedical in the near future by exercising Global BioMedical's right of conversion and selling such common stock of DSS. In doing so, the Company will receive a return of investment represented by the difference between the conversion price and the then trading price of the common stock of DSS. This return of investment is likely indirectly linked to the growth of Impact BioMedical and has the potential to translate to an increase of the trading price of the common stock of DSS.

3. Intangible Values to Realise the True Potential of Impact BioMedical

The management is of the view that this transaction will better allow and expedite the process for the Company to enjoy the full potential of Impact BioMedical.

- Impact BioMedical will be able to gain more traction as a subsidiary of a NYSE listed company.

	<ul style="list-style-type: none"> It will be able to reach out to a wider pool of institutional investors and partner interests in the biomedical scene, particularly in the United States. DSS, being a NYSE listed company will provide a wider potential clientele exposure for Impact BioMedical. US investors and stakeholders are able to better relate to Impact Biomedical's potential and businesses as the current team, collaborating laboratories and accreditations received by Impact BioMedical are very much US-centric. <p>Over and beyond the numbers, the AC and the Board have considered the abovementioned intangible benefits that is able to be brought about through this exercise. It helps in expediting the process of realizing the potential of Impact BioMedical while managing risk for the Company. This brings the parties to arrive at the Consideration value.</p>
<p>4. Please disclose the detailed breakdown of the value of each of the assets held by Impact BioMedical which contribute to the value of US\$382 million and the respective valuation methodologies used to value each asset. Please list the percentage that Impact Biomedical owns in each of these assets and list the other parties that own the rest of each of the assets in question as well, and their relationship with the directors/controlling shareholders/the Company, if any.</p>	<p><u>Organisation Chart</u></p> <pre> graph TD A["Singapore eDevelopment Limited (SGX: 40V) (Singapore Company)"] -- 100% --> B["Global BioMedical Pte. Ltd. (Singapore Company)"] B -- 100% --> C["Impact BioMedical Inc (US Company)"] C -- 90.91% --> D["Global BioMedical, Inc. (US Company)"] D -- 70% --> E["Global BioLife, Inc. (US Company)"] E -- 100% --> F["BioLife Sugar, Inc. (US Company)"] F -- 50% --> G["Sweet Sense Inc. (US Company)"] F -- 50% --> H["Happy Sugar Inc (US Company)"] </pre>

Other parties that own the rest of each of the assets in question

- 1) Dr. Peihong (Peggy) Tang owns 9.09% of Global BioMedical, Inc.
- 2) GRDG Sciences, LLC owns 20% of Global BioLife, Inc.
- 3) Holista CollTech Limited owns 10% of Global BioLife, Inc.

Assets are held in accordance to the effective percentages stated in the Table 1 below.

Their relationship with the directors/controlling shareholders/the Company, if any.

As at the date of the Company's 4 May 2020 announcement, Mr Chan Heng Fai holds 16.79% of the shares in the capital of Holista CollTech Limited. Mr Chan Heng Fai is the second-largest shareholder of Holista and has been its Non-Executive Director since June 2013.

Breakdown of Value of each of the assets held by Impact BioMedical which contribute to the value of US\$382 million.

Table 1

(\$ in Millions USD)

Asset	Held by	Application	Value	Impact Shareholdings (Effective)	Remaining Shareholdings (Effective)	Adjusted Value
Linebacker 1 & 2	Global Biolife, Inc.	Parkinson's Disease (1)	\$243	63.64%	Peggy (6.36%) GRDG (20%) Holista (10%)	\$154.6
	Global Biolife, Inc.	Huntington's Disease (1)	\$19	63.64%	Peggy (6.36%) GRDG (20%) Holista (10%)	\$12.1
	Global Biolife, Inc.	RSV (2)	\$84	63.64%	Peggy (6.36%) GRDG (20%) Holista (10%)	\$53.5
	Global Biolife, Inc.	COVID 19 (2)	\$72	63.64%	Peggy (6.36%) GRDG (20%) Holista (10%)	\$45.8
Laetose	Sweet Sense, Inc.	Smart Sugar	\$31	81.82%	Peggy (3.18%) GRDG (10%) Holista (5%)	\$25.4
3F	Global Biolife, Inc.	Mosquito + Antimicrobial	\$64	63.64%	Peggy (6.36%) GRDG (20%) Holista (10%)	\$40.7
Equivir	Global Biolife, Inc.	COVID 19	\$72	63.64%	Peggy (6.36%) GRDG (20%) Holista (10%)	\$45.8

	Global Biolife, Inc.	Influenza	\$6.5	63.64%	Peggy (6.36%) GRDG (20%) Holista (10%)	\$4.1	
TOTAL			\$592				\$382.1

Respective valuation methodologies used to value each asset

Destum Partners used a variety of industry accepted valuation methodologies to accurately capture the value of the assets held by Impact Biomedical:

Linebacker

- Regulated as a drug
- Industry standard methodology of an rNPV (Risk Adjusted Net Present Value) was utilized for Parkinson's Disease, Huntington's Disease, and RSV
- Ideally suited to value drugs as it allows one to clearly separate clinical and regulatory risk from market and company risk
- Industry accepted by pharma, biotech and investors
- COVID-19: Destum Partners adopted a market comparables based methodology, by computing the value increase experienced by comparable companies pre and post announcement of COVID-19 activities

Equivir

1. Regulated as a drug
2. A distinct methodology was used for each indication
 - a) COVID 19: Destum Partners adopted a market comparables based methodology, by computing the value increase experienced by comparable companies pre and post announcement of COVID 19 activities
 - b) Influenza: The rNPV methodology was utilized

3F

- Potential need to register as pesticide with EPA
- Industry standard DCF with perpetuity was used in combination with a multiples analysis leveraging both EV/Sales and EV/EBITDA ratios in order to establish an approximate valuation range
 - Value derived from discounted cash flow and multiples methodologies were based off relevant industry benchmarks for sales

Laetose

- Patent Pending
- Industry standard DCF with perpetuity was used in combination with a multiples analysis leveraging both EV/Sales and EV/EBITDA ratios in order to establish an approximate valuation range
 - Value derived from discounted cash flow and multiples methodologies were based off relevant industry benchmarks for sales

<p>5. It was stated in announcement of 16 March 2020 that <i>"In the event that the NAV represented by the Sale Shares stated in the Valuation Report is <u>higher</u> than the Consideration of US\$50,000,000, Global BioMedical agreed that there shall be <u>no upward adjustment</u> to the Consideration quantum. In the event that the NAV represented by the Sale Shares stated in the Valuation Report is <u>lower</u> than the Consideration of US\$50,000,000, Global BioMedical agreed that the Consideration quantum shall be <u>adjusted downwards</u> in accordance with the formula below..."</i></p> <p>Prior to the Valuation Report, were the valuation reports performed for the assets held by Impact Biomedical? Were the AC aware of the potential value of these assets? If so, why did the Company agree to the above term which prevents the Company from enjoying any upside if the Valuation Report returns a value that is higher than the Consideration of US\$50 million?</p>	<p>Yes, a similar valuation report was performed by Destum Partners. Copies of the valuation reports were tendered to the AC for their deliberation and approval.</p> <p>Please refer to our responses under item 3.</p>
<p>6. In respect of the 14,500,000 New DSS Shares, par value US\$0.02, nominally valued at US\$3,132,000 or US\$0.216 per New DSS Share issued to Global Biomedical – what is the shareholding to be held by Global Biomedical in DSS? What is the proportionate NAV of DSS? What is the current market value of such shareholding in DSS?</p>	<p>As disclosed in the announcement made by the Company on 16 March 2020, the 14,500,000 New DSS Shares, represents approximately 18.94% of the total issued and paid-up share capital of DSS on an enlarged basis, to be held by Global BioMedical.</p> <p>The NAV of DSS as of 31 Dec 2019 is US\$12,302,817. The proportionate NAV of DSS will be approximately: <u>US\$ 2,329,285</u>.</p> <p>The current market value of such shareholding in DSS will be: <u>US\$ 4,599,400</u> (as of closing price of 0.3172 on 4 May 2020)</p>

7. In respect of the 19.9% beneficial ownership conversion limitation (“blocker”) in DSS – with reference to the current number of outstanding shares of common stock of DSS, what is the maximum number of shares to be issued via the new series of perpetual convertible preferred stock of DSS?	The 14,500,000 New DSS Shares, together with the 500,000 (0.65%) DSS shares held under the Company's wholly owned subsidiary - BMI Capital Partners International Limited, brings SED's effective ownership in DSS up to approximately 19.59%. In respect of the 19.9% beneficial ownership conversion limitation, the current maximum number of shares that can be converted via the new series of perpetual convertible preferred stock of DSS will be 300,000 shares, assuming the Company does not sell any shares in DSS and take any profits.
8. Apart from Mr Chan Heng Fai, who is a 36.97% shareholder and Executive Chairman of DSS, while being a 67% shareholder and CEO of the Company – Is the Company aware of other common shareholders between DSS and SED? Please list them and their shareholdings in both DSS and SED.	Not aware.
9. Who solicited/proposed or facilitated the Proposed Share Swap?	Mr Chan Heng Fai.

By Order of the Board
Singapore eDevelopment Limited

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

8 May 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.