



ASX/MEDIA ANNOUNCEMENT

ASX: YPB | 26 July 2018

YPB Token Issue targets up to US\$30m

- **Token Issue to launch in August 2018**

Anti-Counterfeit and Customer Engagement solutions provider YPB Group Ltd (ASX: YPB) confirms that it intends to proceed with a Token Issue to realise up to US\$30m.

YPB had previously announced to the market that it was advanced in evaluating the merits of a Token Issue.

The YPB Token (YPT) is designed to foster greater collaboration between brands and customers in addressing counterfeit and will be integrated into the YPB Connect serialisation and customer communication software platform. A token is a programmable digital asset, essentially, a set of bespoke programmed features that sit on top of a blockchain platform. Blockchain will become part of the architecture of YPB Connect, strengthening Connect's digital anti-counterfeit protection via the immutability of blockchain's distributed ledger.

In the Token Issue, it is YPTs that will be offered in exchange for digital currency that can be converted to cash (fiat) and used to fund the development of the end to end blockchain project including Motif Micro. YPB's token is intended to be developed on Ethereum and/or other similar blockchain platforms that meet the technical requirements of the token design.

Sufficient preliminary interest from select token community participants has been confirmed to encourage the Board to proceed with the project. The Token Issue process will commence in August 2018. The Token Issue will have no fixed conclusion date and may continue until YPB and its advisors conclude that it is in the best interest of all stakeholders to finalise the process.

YPB has resolved to offer the YPTs via an intermediary authorisation with an Australian Financial Services Licensee as required to be compliant with Australian laws and regulations. This includes limiting the offer to wholesale investors, both domestically and internationally as required.

The YPT will grant the holder rights to redeem access to YPB's Connect platform and/or other YPB technology such as Motif Micro in lieu of cash payments. The YPTs differ fundamentally from rights attaching to the Company's shares as the YPTs do not convey voting, dividend or other 'ownership' rights in the Company. YPB Connect (and associated intellectual property) remains the property of the Company or its related entities. Accordingly, the issue of Tokens will not in any way dilute current shareholding in YPB and YPT holders do not get to participate in other corporate activities of the Company.

As a digital currency, there is a possibility that the YPTs may be traded on cryptocurrency specific exchanges but the Company does not give any warranty that such a secondary market for the YPTs will exist.

Investment decisions should not be made based on the information in this announcement, investors should refer to further information concerning the Token Issue, including any token offer document that will be available on the Company's website.

YPB's Executive Chairman John Houston said: "We are excited to be an early adopter of blockchain technology and of tokens and are encouraged by the preliminary interest we have received in YPB's Token



Issue. This Token Issue will also allow YPB to develop our proprietary Motif Micro smartphone readability of high security anti-counterfeit marks which is the “holy grail” of our emerging industry in delivering certainty of authenticity to the mass market. Confirming authenticity via smartphone scan of a product is not only a powerful protection tool but a unique trigger to initiate the engagement of consumers with brands and to open a direct, digital channel for a close, ongoing relationship.”

Cautionary Statement –Cryptocurrency Related Business Activities

YPB notes the following in relation to its proposed issue of Tokens:

- Tokens are cryptocurrencies.
- Investment in cryptocurrencies and tokens can be high risk in nature as they are currently highly speculative.
- Cryptocurrency related businesses have a number of other risk factors, including but not limited to the following:
 - i. The development of new regulatory frameworks.
 - ii. Cryptocurrencies, cryptocurrency exchanges and related topics of Token Issues (TI) and Initial Coin Offerings (ICO) have raised regulatory issues across multiple jurisdictions. A number of regulators have issued guidance on the relevance of their existing securities and financial services laws with regard to TIs that have underlying cryptographic tokens that are securities or investment in nature.
 - iii. The regulatory status of TIs in some of these overseas jurisdictions is subject to potential changes and increasing regulatory oversight.
 - iv. In many countries cryptocurrencies and related products are subject to anti-money laundering and counter-terrorism funding legislations.

For its Token and blockchain related business activities, YPB has and will always endeavor to the best of its ability ensure that YPB and its subsidiaries comply with relevant local in-country regulatory requirements.

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About YPB:

YPB Group Ltd (ASX:YPB) lives by three words - certainty of authenticity. We deliver on this through our experience in creating revolutionary, patented anti-counterfeit and customer engagement solutions. Solutions that detect and prove certainty of authenticity and connect brands directly to their customers, empowering them to engage one-on-one.

In an evolving marketplace and with the rapid growth of cross border commerce, our expertise presently focuses on the rapidly growing markets of Australia, South East Asia and China.

www.ypbsystems.com