YPB Group Ltd.
ABN 68 108 649 421
ASX code: YPB

GLOBAL LEADER IN ANTI COUNTERFEIT TECHNOLOGY
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ASX ANNOUNCEMENT

24 December 2014

The Manager
Company Announcements
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

YPB Group Ltd (ASX:YPB)
Despatch of Letters to Shareholders and Optionholders

YPB Group Ltd confirms that the attached letters will be despatched today.

Yours faithfully

Robert Whitton
Director & Company Secretary

Legal/43418857_3

24 December 2014

[name of recipient]
[address of recipient]

Dear Optionholder

YPB Group Ltd (ASX:YPB)
Non-Renounceable Rights Issue
Notification of participation only available if Existing Options are exercised

This letter is to notify you that on Wednesday 24 December 2014, YPB Group Ltd (ABN 68 108 649 421) (ASX:YPB) (**Company**) announced to the ASX a non-renounceable rights issue (**Rights Issue**). The Prospectus for the Rights Issue (**Prospectus**) has been lodged with ASIC and the ASX and is available on the ASX website (www.asx.com.au) and the Company's website (http://www.ypbsystems.com/).

In order for you to participate in the Rights Issue in respect of the existing options you hold in the Company, you must exercise those existing options and pay the appropriate funds for the exercise price before 5.00pm (Sydney time) on Wednesday 31 December 2014 to ensure the Company's share registry has sufficient time to process the exercise notice before the Record Date for the Rights Issue, or you will not be able to participate in the Rights Issue.

The Rights Issue will offer eligible YPB shareholders the opportunity to apply for 1 new option to subscribe for ordinary shares (**New Option**) for every 4 existing ordinary shares held as at 7.00pm (Sydney time) on Friday 2 January 2014 (**Record Date**), at an offer price of A$0.01 per New Option. Each New Option may be exercised at any time from the date of its issue until 31 October 2017 at an exercise price of A$0.20 each. Fractional entitlements to New Options under the Rights Issue will be rounded down to the nearest whole number.

It is anticipated that up to 27,230,420 New Options may be issued pursuant to the Rights Issue, which would raise approximately A$272,300 before expenses.

The Rights Issue is not underwritten.

Funds raised under the Rights Issue will be used to strengthen the Company's balance sheet, and to fund general working capital. Additionally, the Rights Issue was contemplated in YPB's prospectus dated 27 May 2014.

The Rights Issue is open to YPB shareholders with registered addresses in Australia, New Zealand, People's Republic of China, Hong Kong or Singapore as at the Record Date. YPB shareholders at the Record Date with a registered address outside Australia, New Zealand, People's Republic of China, Hong Kong and Singapore will not be eligible to participate in the Rights Issue.

The Company will seek quotation on the ASX of the New Options issued pursuant to the Prospectus.

Key information and dates applicable to the Rights Issue are set out below for your information.

Summary of key information

Type of offer	Non-renounceable, pro-rata entitlement offer of New Options to YPB shareholders resident in Australia, New Zealand, People's Republic of China, Hong Kong or Singapore on the Record Date.
Offer ratio (entitlement)	1 New Option for every 4 existing YPB ordinary shares held as at the Record Date.
Issue price for each New Option	A$0.01
Exercise price in respect of each New Option	A$0.20
Expiry date of each New Option	31 October 2017

Proposed timetable

Lodgement of Prospectus with ASIC and announcement of Offer	Wednesday 24 December 2014
Existing shares quoted 'ex' rights	Tuesday 30 December 2014
Record Date	7.00pm (Sydney time) on Friday 2 January 2015
Opening date of the Offer	Wednesday 7 January 2015
Closing date of the Offer	5.00pm (Sydney time) on Friday 16 January 2015
Allotment of New Options	Friday 23 January 2015
New Options expected to commence trading on the ASX	Tuesday 27 January 2015
Despatch of holding statements	Friday 30 January 2015

All future dates specified in this letter are indicative and may be subject to change.

For further information regarding the Rights Issue, your existing YPB option holding or the exercise of your existing YPB options, please contact Boardroom Pty Limited on 1300 737 760 (for callers within Australia) or +61 2 9290 9600 (for callers outside Australia).

Yours faithfully

Robert Whitton
Director & Company Secretary

24 December 2014

[name of recipient]
[address of recipient]

Dear Shareholder

YPB Group Ltd (ASX:YPB)
Non-Renounceable Rights Issue
Notification of information contained in Appendix 3B lodged on 24 December 2014

This letter is to notify you that on Wednesday 24 December 2014, YPB Group Ltd (ABN 68 108 649 421) (ASX:YPB) (**Company**) announced to the ASX a non-renounceable rights issue (**Rights Issue**). The Prospectus for the Rights Issue (**Prospectus**) has been lodged with ASIC and the ASX and is available on the ASX website (www.asx.com.au) and the Company's website (http://www.ypbsystems.com/).

The Rights Issue will offer eligible YPB shareholders the opportunity to apply for 1 new option to subscribe for ordinary shares (**New Option**) for every 4 existing ordinary shares held as at 7.00pm (Sydney time) on Friday 2 January 2014 (**Record Date**), at an offer price of A$0.01 per New Option. Each New Option may be exercised at any time from the date of its issue until 31 October 2017 at an exercise price of A$0.20 each. Fractional entitlements to New Options under the Rights Issue will be rounded down to the nearest whole number.

It is anticipated that up to 27,230,420 New Options may be issued pursuant to the Rights Issue, which would raise approximately A$272,300 before expenses.

The Rights Issue is not underwritten.

Funds raised under the Rights Issue will be used to strengthen the Company's balance sheet, and to fund general working capital. Additionally, the Rights Issue was contemplated in YPB's prospectus dated 27 May 2014.

The Rights Issue is open to YPB shareholders with registered addresses in Australia, New Zealand, People's Republic of China, Hong Kong or Singapore as at the Record Date. YPB shareholders at the Record Date with a registered address outside Australia, New Zealand, People's Republic of China, Hong Kong and Singapore will not be eligible to participate in the Rights Issue.

The Company will seek quotation on the ASX of the New Options issued pursuant to the Prospectus.

Key information and dates applicable to the Rights Issue are set out below for your information.

Summary of key information

Type of offer	Non-renounceable, pro-rata entitlement offer of New Options to YPB shareholders resident in Australia, New Zealand, People's Republic of China, Hong Kong or Singapore on the Record Date.
Offer ratio (entitlement)	1 New Option for every 4 existing YPB ordinary shares held as at the Record Date.
Issue price for each New Option	A$0.01
Exercise price in respect of each New Option	A$0.20
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New Options expected to commence trading on the ASX	Tuesday 27 January 2015
Despatch of holding statements	Friday 30 January 2015

All future dates specified in this letter are indicative and may be subject to change.

For further information regarding the Rights Issue or your YPB shareholding, please contact Boardroom Pty Limited on 1300 737 760 (for callers within Australia) or +61 2 9290 9600 (for callers outside Australia).

Yours faithfully

Robert Whitton
Director & Company Secretary