

ASX/MEDIA ANNOUNCEMENT

ASX: YPB | 30th April 2018

YPB update on status of possible Token Sale Event

- **Specialist advisor in Blockchain contracted for a possible Token Sale Event (TSE) by YPB**
- **A successful TSE would unequivocally benefit shareholders**
- **A final decision to proceed has not yet been taken**
- **ASX and market will be kept fully informed of progress**

Brand Protection and Consumer Connection solutions company YPB Group Ltd (ASX: YPB) is pleased to provide further information as to the Token Sale Event (TSE) the company is considering.

In response to an ASX *price query*, YPB advised the market on April 23rd that it had entered into a contract with a specialist Blockchain advisor, Enhanced Society, <https://www.enhancedsociety.com/> with relevant experience in Blockchain and Token Sale Events. This disclosure to the market was in response to a direct request from ASX to disclose the matter.

YPB reiterates previous advice to the market that the TSE is presently in preparation phase and a final decision to proceed has not been made.

YPB also observes that the proposed TSE would enable YPB to quickly develop a Blockchain capability that would be a logical evolution of the Company's existing suite of Anti-Counterfeit solutions, especially YPB's CONNECT platform which currently has issued over 30 million serialized QR codes for Anti-Counterfeit applications.

The following is further background to the status of the project:

- YPB has been examining the application of Blockchain technology to its existing Anti-Counterfeit suite for some time due to the fact that Blockchain is a logical extension of YPB's existing CONNECT platform capabilities, making CONNECT even more secure for both brands and consumers.
- YPB has concluded that inclusion of Blockchain in the YPB Anti-Counterfeit product suite roadmap would be highly valuable as Blockchain will increasingly feature in authentication and supply chain applications and being an early proponent will create clear commercial advantage for YPB.
- YPB CONNECT offers digital Anti-Counterfeit protection for products via unique serial codes and over 30 million unique codes have been applied to clients' products since CONNECT 2.0 was released in May 2017. Those product identities are presently stored and managed in a centralised database. Blockchain would simply see that data stored on a distributed database or ledger with multiple points of verification. That would result in an immutable digital record of authenticity adding top tier security and a further tier of trust in the authenticity of products employing YPB's Anti-Counterfeit technologies.

- In December 2017 YPB engaged an Australian Company, Enhanced Society, with a well-developed and active global network and considerable experience in Blockchain and associated technologies to advise the Company.
- Enhanced Society and its network also has considerable experience in the alternative capital markets associated with Blockchain technology. Given Blockchain is a natural extension of YPB's existing activities and the new applications could be readily commercialised given YPB's experience and existing market access, YPB concluded that it would be a suitable candidate for raising funds for the Blockchain development in the alternative capital markets.
- In February 2018, YPB contracted Enhanced Society to advise YPB on a Token Sale Event to fund the development of Blockchain and also the development of Motif Micro's next generation physical Anti-Counterfeit protection. Together, Blockchain-enabled CONNECT and the revolutionary leap of Motif Micro technology would create world-leading *digital and physical* Anti-Counterfeit protection in a simple, widely applicable, highly commercial solution suite.
- Successful conclusion of a TSE would be unequivocally beneficial to shareholders as it would fully fund YPB's development and commercialisation programme. Full details of Token design and operation will be disclosed to the market as and when appropriate.
- YPB opened discussions with ASX on April 10th, 2018, to pre-inform ASX of the proposed TSE and to seek ASX's advice regarding compliance matters, communication with the market and how best to progress through any issues of concern to ASX.
- On April 20th, 2018, YPB received a *price query* from ASX.
- On April 23rd, 2018, YPB responded to ASX and, at ASX's request, disclosed the proposed TSE.
- YPB reiterates the TSE business model is still presently in development and the company does not currently have a precise business model/plan in relation to the tokens. The project is essentially progressing through feasibility. A firm decision to proceed has not been taken, therefore in all respects a Token Sale Event is an incomplete transaction.
- The company intends to further engage with ASX and seek further specialist legal advice in order to reach a firm decision on whether to proceed with the proposed TSE.
- The Company will provide market updates as to the progress of the consideration of the TSE as appropriate.

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Cautionary Statement –Cryptocurrency Related Business Activities

YPB notes the following in relation to its proposed Token Sale Event:

- Tokens are related to cryptocurrencies .
- Investment into crypto currencies 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 framework .
 - ii. Cryptocurrencies, cryptocurrency exchanges its related topics of Initial Coin Offerings (ICO) and Token Sale Events (TSE) 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 ICOs that have underlying cryptographic tokens that are securities or investment in nature.
 - iii. The regulatory status of TSEs 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 TSE 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.

ABOUT YPB (ASX: YPB)

In a rapidly changing world, brands need to do more than make great products, they need to **PROTECT** their consumer by allowing them to verify that their purchase is real and as a result buy with confidence. This is a proven initiative to trigger the consumer to **CONNECT** with brands.

YPB provides real protection for quality brands with a focus on product authenticity. Simultaneously, we provide a gateway for brands to connect with their consumers and engender trust in authenticity by utilising the power of the smartphone.

In an evolving marketplace and with the rapid growth of cross border commerce, YPB leverages serialisation and patented authentication solutions so that insightful data can flow between brands and their consumers.

YPB is the obvious choice to **PROTECT**, **DETECT** and **CONNECT**.

www.ypbsystems.com