

**PROPOSED INVESTMENT IN PB GROCERY GROUP SDN. BHD.**

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**1. INTRODUCTION**

1.1 The board of directors (“**Board**” or “**Directors**”) of shopper360 Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, shopper360 Sdn. Bhd. (“**SSB**”), had on 20 April 2021, entered into a subscription and shareholders agreement (the “**Agreement**”) with PB Grocery Group Sdn. Bhd. (“**PB Grocery Group**”) and its existing shareholders (“**Vendors**”), namely PB Grocery Holding Sdn Bhd (“**PBGH**”), PB Grocery Core Team Sdn Bhd (“**PBGCT**”) and Rekaweb.com Sdn Bhd (“**RKB**”). Pursuant to the Agreement, *inter alia*, SSB had agreed to subscribe for an aggregate of 152,356 new shares in the capital of PB Grocery Group (“**Subscription Shares**”) for an aggregate cash consideration of RM2,380,000 (“**Subscription Price**”) (the “**Proposed Subscription**”).

**2. INFORMATION ON PB GROCERY GROUP**

2.1 PB Grocery Group, a private company limited by shares, was incorporated in Malaysia under the Companies Act 1965 of Malaysia (“**Companies Act**”) in November 2016. As at the date of this announcement, PB Grocery Group has an issued and paid-up capital of approximately RM4,800,514, comprising 1,752,084 ordinary shares, and is owned by PBGH (62.3%), PBGCT (33.7%) and RKW (4.0%). PBGH and PBGCT are the founding shareholders of the PB Grocery Group (“**Founding Shareholders**”).

2.2 RKW is the controlling shareholder of the Company, and Ms Chew Sue Ann (Executive Chairman and Group Managing Director of the Company) is a shareholder of RKW. Save for RKW, none of the Vendors and their ultimate beneficial owners are related to the Company, the Directors or controlling shareholders of the Company, and their respective associates. As of the date of this announcement, save for RKW, none of the Vendors and their ultimate beneficial owners hold any shares in the Company.

2.3 PB Grocery Group has an online grocery platform (“**Potboy**”) that links Fast Moving Consumer Goods (FMCG) companies with eateries and provision shops in Klang Valley (Kuala Lumpur and Selangor) and Seremban, Malaysia. Potboy is revolutionizing a century-old supply chain model in FMCG by quickening the process of ordering and delivery. Potboy’s distribution rights include Nestle and Nestle Professional, Kawan Foods, Coca-cola, Carlsberg and F&N Beverages. Sales orders that come through Potboy enables eateries and provision shops to save time and money, optimize their inventory and reduce working capital. For Potboy, transactions online provide for opportunities to optimize data-driven marketing activities.

PB Grocery Group has 600 FMCG brands listed with 15,000 stock-keeping units offered on its Potboy platform, and the Potboy platform is not only an online grocery platform, but a pioneer of O2O (online to offline) events. Since July 2018, Potboy has been engaging shoppers through mid-scale events as exposure for shoppers who are less tech savvy to buy online and pay through e-wallet or credit card. It also allows for brands to participate at these offline events to conduct games, sampling and contests, reducing the need at the event space to display selling stocks as products are bought and sold via the digital platform and delivered to the homes of shoppers, thereby experiencing e-commerce for some shoppers for the first time.

In order to maintain the highest experience satisfaction, Potboy has its own fleet of drivers to conduct deliveries, and has a low barrier of entry as it does not impose minimum orders for online shoppers.

- 2.4 Based on the latest audited financial statements of PB Grocery Group for its financial year ended 31 December 2020, the net profit of PB Grocery Group was approximately RM1.4 million, and each of the book value and the net tangible assets value of PB Grocery Group amounted to approximately RM2.5 million as at 31 December 2020.
- 2.5 The open market value of the Subscription Shares is not available as the Subscription Shares are not publicly traded. No valuation was commissioned by the Company for the purpose of the Proposed Subscription.

### **3. SALIENT TERMS OF THE PROPOSED SUBSCRIPTION**

#### Subscription Price

- 3.1 The Subscription Price of RM2,380,000 will be funded through the Group's internal resources. The Subscription Price was arrived at on a willing-buyer and willing-seller basis, after taking into consideration, among others, the earnings and growth prospects of PB Grocery Group.
- 3.2 Pursuant to the Agreement, the Subscription Price shall be paid by SSB in two (2) tranches as follows:
- (i) RM1.38 million shall be paid within seven (7) business days from the date of the Agreement, and upon receipt of the same, PB Grocery Group shall allot and issue 88,557 Subscription Shares to SSB; and
  - (ii) SSB shall deliver a bank draft of RM1.0 million to PB Grocery Group upon its receipt of the stamped copy of the duly executed sale and purchase agreement for the purchase of a landed property for the purposes of operating a warehouse (as mentioned in clause 3.5), and upon receipt of the bank draft of RM1.0 million, PB Grocery Group shall allot and issue 63,799 Subscription Shares to SSB.

#### Subscription Shares

- 3.3 The Subscription Shares shall be issued to SSB free from encumbrances and shall rank *pari passu* in all respects with the ordinary shares of PB Grocery Group in issue at the date of allotment, including without limitation, voting and distribution rights.

- 3.4 Following the allotment and issuance of the Subscription Shares to SSB, the shareholding structure of PB Grocery Group will be as follows:

Name of shareholder	Number of shares	Percentage
PBGH	1,091,481	57.31%
PBGCT	590,519	31.01%
RKW	70,084	3.68%
SSB	152,356	8.00%
<b>Total</b>	<b>1,904,440</b>	<b>100.00%</b>

Utilisation of proceeds from the Proposed Subscription

- 3.5 Part of the Subscription Price shall be used by PB Grocery Group to purchase a landed property for purpose of operating warehouse, and the remaining balance shall be used as working capital for expansion of the business of PB Grocery Group.

Salient terms of the Agreement

- 3.6 The salient terms of the Agreement include, among others, the following:

- (a) The Vendors have agreed to grant RKW and SSB the options to sell their shares of PB Grocery Group ("**PBGG Shares**") (whether in part or the whole thereof), at any time after the Subscription Shares have been allotted and issued to SSB, to the Founding Shareholders or any third party duly approved by the Founding Shareholders at (i) the market value of the PBGG Shares; (ii) the respective subscription price paid by RKW and SSB; or (iii) in the event the shareholders of PB Grocery Group have resolved that PB Grocery Group finances its operations by issuing new shares, the value of the new shares at the pre-money valuation of PB Grocery Group at that point in time, whichever is higher.
- (b) Upon every allotment and issuance of the Subscription Shares or any part thereof to SSB, PB Grocery Group shall enter SSB's name into the register of members of PB Grocery Group as the registered holder of the Subscription Shares or any part thereof and shall issue and deliver to SSB the appropriate share certificates in respect of the Subscription Shares or any part thereof duly executed by PB Grocery Group and duly stamped.
- (c) No shareholder of PB Grocery Group shall be entitled to pledge, assign, encumber, sell, transfer, or in any other manner whatever dispose of any part of its interest in PB Grocery Group unless:
  - i. it shall first have offered ("**Offer**") to dispose of the whole (and not a part only) of its interest in equal shares to the other shareholders ("**Offeree**"), on the terms set out in the Agreement; and
  - ii. the Offer shall not have been accepted by the Offeree.

- (d) If the Founding Shareholders intend to sell all of their shares of PB Grocery Group whether through a single transaction or series of transactions to any third party, the Founding Shareholders shall be entitled (but not obliged) to require all the shareholders of PB Grocery Group to sell to such third party all or any number of their shares at the price and upon terms and conditions no less favourable than those offered by such third party buyer to the Founding Shareholders for their shares.
- (e) Without prejudice to the rights of the Founding Shareholders as set out in 3.6(d) above, if the Founding Shareholders receive an offer from any third party (other than from another affiliate) for all or any of their shares of PB Grocery Group whether through a single transaction or a series of transactions which the Founding Shareholders wish to accept, then the Founding Shareholders shall within 10 days of their receipt of the third party offer, give written notice to RKW and SSB informing of their *bona fide* intention to accept the third party offer and inviting RKW and SSB to participate proportionately therein. RKW and SSB shall be entitled to elect whether to participate in the third party offer and to sell all or some of its shares of PB Grocery Group.

#### 4. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

- 4.1 The relative figures for the Proposed Subscription computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) and the Company’s latest announced unaudited consolidated financial statements of the Group for the half year financial period ended 30 November 2020 (“**HY2021**”) are as follows:

Rule 1006	Bases	Relative Figures
(a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value.	Not applicable <sup>(1)</sup>
(b)	The net profits attributable to the Subscription Shares acquired or disposed of, compared with the Group’s net profits.	1.8% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares.	6.7% <sup>(3)</sup>
(d)	The number of equity securities issued the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume of amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
  - (2) Under Rule 1002(3)(b) of the Catalist Rules, “**Net Profits**” is defined to be profit or loss before income tax, non-controlling interests and extraordinary items. Rule 1006(b) of the Catalist Rules is computed based on (i) the latest management accounts of PB Grocery Group for the six-month period from 1 July 2020 to 31 December 2020 (“**6M2020**”), where net profits attributable to the Subscription Shares for the 6M2020 amounted to approximately RM79,816; and (ii) the Group’s unaudited net profit for HY2021 of approximately RM4,375,004.
  - (3) Computed based on the Subscription Price of RM2,380,000 (equivalent to approximately S\$781,000), and the Company’s market capitalisation of approximately S\$11,642,000. The market capitalisation of the Company was computed based on the issued share capital of the Company (“**Shares**”) of 108,803,600 Shares (excluding treasury shares) and the volume weighted average price of S\$0.107 per Shares on 19 April 2021, being the last market day on which the Shares were traded prior to the signing of the Agreement.
  - (4) Rule 1006(d) of the Catalist Rules is not applicable as the Subscription Price is to be fully funded by cash, and no equity securities will be issued by the Company as consideration.
  - (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.
- 4.2 As the relative figure set out in Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Subscription constitutes a disclosable transaction within the meaning of Chapter 10 of the Catalist Rules. Accordingly, approval of the shareholders of the Company is not required for the Proposed Subscription.

**5. RATIONALE FOR THE PROPOSED SUBSCRIPTION**

- 5.1 The Board believes that the Proposed Subscription is in the best interest of the Company and its shareholders, for the following reasons:
- (a) With the equity investment by the Group into PB Grocery Group, the Group can collaborate with PB Grocery Group so that the Group’s FMCG customers can grow their sales through additional distribution touchpoint and defend their growth through e-commerce (via Potboy).
  - (b) By participating in equity investment in fast growing companies such as PB Grocery Group, SSB can optimise its core offerings through digitisation, digitalisation and diversification.
  - (c) Potboy is a profitable e-commerce digital platform with a vision to continue growing its user base through expansion beyond Klang Valley, and provide invoice financing to eateries and small provision shops, a relevant offering to enable small medium enterprises to grow their business. SSB expects to benefit from future exit of its investment in PB Grocery Group with an expected rate of return in the near future.

## 6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

### 6.1 Assumptions

The unaudited *pro forma* financial effects of the Proposed Subscription on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Subscription.

The *pro forma* financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 31 May 2020 (“FY2020”) and the latest audited financial statements of PB Grocery Group for the financial year ended 31 December 2020, on the following bases and assumptions:

- (a) the financial effect on the consolidated net tangible asset (“NTA”) per Share is computed based on the assumption that the Proposed Subscription was completed on 31 May 2020;
- (b) the financial effect on the consolidated earnings per Share (“EPS”) is computed based on the assumption that the Proposed Subscription was completed on 1 June 2019; and
- (c) expenses to be incurred in respect of the Proposed Subscription have been disregarded.

### 6.2 NTA per Share

	<b>Before the Proposed Subscription</b>	<b>After the Proposed Subscription</b>
NTA of the Group as at 31 May 2020 (RM'000)	50,159	50,159
Number of Shares (excluding treasury shares)	111,682,300	111,682,300
NTA per Share (RM cents)	44.9	44.9

### 6.3 EPS

	<b>Before the Proposed Subscription</b>	<b>After the Proposed Subscription</b>
Net profits attributable to equity holders of the Group (RM'000)	2,964	3,043
Weighted average number of Shares	113,142,844	113,142,844
EPS (RM cents)	2.6	2.7

**7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save for RKW (who is currently a 4.0%-shareholder of PB Grocery Group and the controlling shareholder of the Company) and Ms Chew Sue Ann (who is a shareholder of RKW), none of the Directors, substantial shareholders of the Company, as well as their respective associate, has any interest, whether direct or indirect, in the Proposed Subscription (other than in their capacity as Director or shareholder of the Company, as the case may be).

**8. SERVICE CONTRACTS**

No person is proposed to be appointed as a Director in connection with the Proposed Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

**9. CAUTIONARY STATEMENT**

Shareholders of the Company and potential Investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Proposed Subscription will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

**10. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the Agreement will be made available for inspection by shareholders of the Company during normal business hours at the registered office of the Company at 138, Robinson Road, #26-03 Oxley Tower, Singapore 068906 for a period of three (3) months from the date of this Announcement.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Subscription, and the Directors are not aware of any facts omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**By order of the Board**

**Chew Sue Ann**

Executive Chairman and Group Managing Director

20 April 2021

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*This announcement has been prepared by shopper360 Limited and its contents have been reviewed by the Company's sponsor (the "**Sponsor**"), ZICO Capital Pte. Ltd., in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*