

SHOPPER360 LIMITED
(Incorporated in Singapore)
(Company Registration No.: 201634929Z)

PROPOSED INVESTMENT IN TENDERIN SDN. BHD.

1. INTRODUCTION

The board of directors (“**Board**” or “**Directors**”) of shopper360 Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that shopper360 Sdn. Bhd. (“**SSB**”), a wholly-owned subsidiary of the Company, had, on 16 March 2021, entered into a Share Subscription Agreement (“**SSA**”) with Tenderin Sdn. Bhd. (“**Tenderin**”) to subscribe for an aggregate of 28,916 new ordinary shares in the capital of Tenderin (“**Subscription Shares**”), for a subscription consideration of RM2,000,000 (“**Subscription Price**”) (“**Proposed Subscription**”).

2. INFORMATION RELATING TO TENDERIN

2.1 Tenderin is a private company limited by shares and was incorporated in Malaysia in August 2016.

2.2 Tenderin is a technology company based in Kuala Lumpur and operates “Lapasar”, which is a business-to-business (“**B2B**”) platform that allows companies to purchase supplies for their businesses via an online marketplace. “Lapasar” connects corporations and minimarket stores to suppliers of products and services across Malaysia with the aim of making purchasing more efficient.

2.3 As at the date of the SSA, Tenderin has (i) an issued and paid-up capital of RM525,000, comprising 525,000 ordinary shares; and (ii) outstanding reserved shares / convertible instruments as follows:-

(a) convertible notes of an aggregate sum of US\$500,000 (“**Convertible Notes**”) issued by Tenderin to its various investors (“**CN Investors**”) on 1 May 2019 whereby the CN Investors have principally agreed to convert the Convertible Notes to 85,606 new ordinary shares in the capital of Tenderin (“**CN Shares**”) to be issued to the CN Investors; and

(b) employees’ shares award allotted and issued by Tenderin to its key employees of an aggregate of 40,000 new ordinary shares in the capital of Tenderin (“**ESP Shares**”).

2.4 Based on the management accounts of Tenderin in respect of the financial year ended 31 December 2020, Tenderin recorded (i) a net loss before tax of approximately RM449,000 for the financial year ended 31 December 2020, and (ii) net tangible liabilities of approximately RM1,218,000 as at 31 December 2020. No independent valuation was conducted on Tenderin for the purposes of the Proposed Subscription.

2.5 Tenderin and its directors and shareholders are not related to the Company, the Group, the Directors or substantial shareholders of the Company, and their respective associates.

3. SALIENT TERMS OF THE PROPOSED SUBSCRIPTION

3.1 Subscription Price

- (a) The Subscription Price of RM2,000,000 was determined based on arm's length negotiations and arrived at on a willing-buyer and willing-seller basis, after taking into consideration, *amongst others*, the earnings and growth prospects of Tenderin as well as the potential benefits to the Group arising from the Proposed Subscription.
- (b) The Subscription Price shall be fully paid in cash by SSB to Tenderin on Completion Date (as defined below).
- (c) The Proposed Subscription will be financed by internal cash resources.

3.2 Subscription Shares

- (a) The Subscription Shares shall account for approximately 5.22% of the enlarged issued and paid-up shares capital of Tenderin (prior to the allotment and issuance of the CN Shares, the ESP Shares, the Investment Shares (as defined below) and the Further Investment Shares (as defined below)) immediately after the Proposed Subscription.
- (b) Concurrent with the Proposed Subscription, Tenderin has conducted a fund-raising exercise which has secured funds of RM3,800,000 (excluding the RM2,000,000 being the Subscription Price for the Proposed Subscription) which will result in the allotment and issuance of new ordinary shares in the capital of Tenderin ("**Investment Shares**"). The Subscription Shares shall comprise approximately 3.94% of the enlarged issued and paid-up share capital of Tenderin immediately after (i) the Proposed Subscription; and (ii) the allotment and issuance of the CN Shares, the ESP Shares and the Investment Shares.
- (c) In addition to the Proposed Subscription and the abovementioned fund-raising exercise set out in paragraph 3.2(b) above, Tenderin is also conducting a further fund-raising exercise and may potentially raise further funds of up to RM4,200,000, resulting in the allotment and issuance of new ordinary shares in the capital of Tenderin ("**Further Investment Shares**"). In the event such fund-raising of up to RM4,200,000 is completed resulting in the allotment and issuance of the Further Investment Shares, SSB's effective shareholding interest in Tenderin after the Proposed Subscription will be further diluted to not less than approximately 3.64% (after the allotment and issuance of the CN Shares, the ESP Shares, the Investment Shares and the Further Investment Shares).

3.3 Completion Date

- (a) Subject to, *amongst others*, the fulfilment of the Conditions Precedent (as defined below), the completion of the Proposed Subscription shall take place within seven days from the date of fulfilment of the last Condition Precedent ("**Completion Date**"), subject to the right of SSB to defer Completion Date by up to 28 days in the event of a breach of the SSA by Tenderin as described in paragraph 3.6(b) below.

- (b) Tenderin shall use its best endeavours to procure the fulfilment of the Conditions Precedent within 30 business days from the date of the SSA or, where any of the Conditions Precedent is not fulfilled within the aforesaid 30-day period, such further extended period as may be mutually agreed by Tenderin and SSB (“**Cut-Off Date**”).

3.4 Completion

On Completion Date, *amongst others*:

- (a) Tenderin shall allot and issue the Subscription Shares to SSB free from all encumbrances and SSB shall fully pay the Subscription Price in cash to Tenderin; and
- (b) SSB shall execute a shareholders’ agreement to be prepared by Tenderin.

3.5 Conditions Precedent

Unless waived in accordance with the SSA, the completion of the Proposed Subscription is conditional upon the following conditions:

- (a) the results of the financial and legal due diligence conducted on Tenderin being satisfactory to SSB; and
- (b) SSB and Tenderin obtaining all board and shareholder approvals and authorisations, where necessary, for the Proposed Subscription and all other transactions contemplated under the SSA,

(collectively, the “**Conditions Precedent**”).

3.6 Termination of the SSA

- (a) *Non-fulfilment of the Conditions Precedent*

The SSA may be terminated in accordance with the SSA where the Conditions Precedent are not fulfilled or waived by the Cut-Off Date, or where the Conditions Precedent are waived subject to conditions and such conditions are not acceptable to SSB or Tenderin, as the case may be.

- (b) *Pre-completion breach by Tenderin*

If SSB does not exercise its right to defer Completion Date by up to 28 days, the SSA may be rescinded by SSB (insofar as the rights and obligations under the SSA have not fallen due to be exercised or performed) prior to the completion of the Proposed Subscription by written notice if Tenderin breaches the terms of the SSA. In addition, the Subscription Price, if paid by SSB, shall be refunded to it and Tenderin shall also pay a further sum equivalent to 10% of the Subscription Price as liquidated damages.

- (c) *Post-completion breach by Tenderin*

SSB may seek specific performances or terminate the SSA (insofar as the rights and obligations under the SSA have not fallen due to be exercised or performed) after

Completion Date by written notice if (i) Tenderin fails to perform its obligations or undertakings under the SSA and such failure is not remedied within the period specified by SSB; or (ii) Tenderin has provided any false or misleading representations or warranties to SSB.

4. CARRIED INTEREST AGREEMENT

4.1 In connection with the SSA, SSB has also entered into an agreement with Nexea Angels Sdn Bhd (“Nexea”) (“**Carried Interest Agreement**”) pursuant to which SSB shall engage Nexea to provide consultancy services to SSB to, *amongst others*, promote, facilitate and enhance the growth, performance, development and viability of Tenderin.

4.2 Pursuant to the Carried Interest Agreement, SSB shall pay Nexea consultancy fees (“**Carried Interest**”) determined as follows:

$$\text{Carried Interest} = 20\% \times G \times D$$

Where:

“G” = the gross gains of SSB arising from the Proposed Subscription (“**Gross Gains**”), accruing from the date of the SSA, comprising the aggregate of (i) dividends declared and paid by Tenderin (if any); (ii) gross proceeds from any disposal of shares in Tenderin by SSB; and (iii) interests paid to SSB on loans (if any) extended by it to Tenderin, less the Subscription Price of RM2,000,000.

“D” = (representing a discount to be applied to G) is equivalent to:

- (i) 90%, where the Carried Interest payment date falls between the date of the SSA and the first anniversary thereof;
- (ii) 80%, where the Carried Interest payment date falls on the first anniversary of the date of the SSA but before the second anniversary thereof; and
- (iii) 70%, where the Carried Interest payment date falls on the third anniversary of the date of the SSA or thereafter.

4.3 The Carried Interest is payable within five business days after the receipt by SSB of the gross gains mentioned above. For the avoidance of doubt, no Carried Interest shall be payable if the Gross Gains do not exceed the Subscription Price of RM2,000,000.

4.4 Nexea, its directors and shareholders are not related to the Company, the Group, the Directors or substantial shareholders of the Company, and their respective associates.

5. RATIONALE FOR THE PROPOSED SUBSCRIPTION (INCLUDING THE CARRIED INTEREST AGREEMENT)

The Board believes that the Proposed Subscription (including the Carried Interest Agreement) is in the best interest of the Company and its shareholders, taking into account the following:

- (a) The Proposed Subscription is in line with the Group's plans and strategies to expand its service offerings to customers by introducing new innovative technology, in particular, to connect corporations to suppliers of products and services across Malaysia.
- (b) The Proposed Subscription will allow the Group to scale up its digital and technology offerings on B2B application thus adding value to the Group's existing proprietary software and existing customer base as well as an offering that can be bundled to acquire new customers for the Group.
- (c) The Proposed Subscription will allow the Group to tap on the experience of the management team of Tenderin in technology and software development to enhance the Group's digital and technical capabilities.
- (d) The Proposed Subscription will also allow the Group to seize the growing business opportunities in Malaysia as well as regionally, in the software services, e-commerce and retail industry, thus enabling the Group to create new revenue streams.
- (e) The Proposed Subscription is conditional upon the Company entering into the Carried Interest Agreement with Nexea. Nexea has been appointed by Tenderin to manage the fund-raising exercise(s) of Tenderin, and to provide consultancy services to potential investors (who are introduced by Nexea to Tenderin) to, *amongst others*, promote, facilitate and enhance the growth, performance, development and viability of Tenderin in return for the payment of the carried interest pursuant to a carried interest agreement. All investors for the fund-raising exercises mentioned in paragraphs 3.2(b) and 3.2(c) above (who are introduced by Nexea to Tenderin) will also be required to enter into a similar carried interest agreement.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

- 6.1 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**") 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 ⁽¹⁾
(b)	The net profits ⁽²⁾ attributable to the assets acquired compared with the Group's net profits	-0.2% ⁽³⁾
(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	5.6% ⁽⁴⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable ⁽⁵⁾

Rule 1006	Bases	Relative Figures
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not an acquisition of such assets.	Not applicable ⁽⁶⁾

Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable to an acquisition of assets.
- (2) "Net profits" is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) Computed based on (i) the unaudited net loss before income tax of Tenderin of approximately RM168,000 for the six (6)-month financial period from 1 July 2020 to 31 December 2020 ("**6M2020**"), where the net loss attributable to the Subscription Shares (which is based on 5.22% interest of Tenderin (as described in paragraph 3.2(a) above)) amounted to approximately RM8,800; (ii) the net profit before income tax of the Group of approximately RM4,375,000 for the half year ended 30 November 2020 ("**HY2021**").
- (4) Pursuant to Practice Note 10A of the Catalist Rules, the absolute value of the negative net asset value of Tenderin as at 31 December 2020 shall be taken into account in computing the aggregate value of the consideration for the purpose of computing Rule 1006(c). Accordingly, the aggregate value of the consideration for the Proposed Subscription is RM2,048,000, calculated based on the aggregate of (i) the Subscription Price of RM2,000,000; and (ii) the negative net asset value of Tenderin attributable to the Subscription Shares (which is based on 5.22% interest of Tenderin (as described in paragraph 3.2(a) above)) of approximately RM48,000 as at 31 December 2020.

The Company's market capitalisation is approximately S\$12,077,000 (equivalent to approximately RM36,835,000 based on an exchange rate of S\$1.00 : RM3.05). The market capitalisation of the Company was computed based on the issued share capital of the Company ("**Shares**") of 108,803,600 Shares and the volume weighted average price of S\$0.111 per Share, based on trades transacted on 16 March 2021 (being the last market day preceding the date of the SSA on which the Shares were transacted).

- (5) Rule 1006(d) of the Catalist Rules is not applicable as no equity securities are to be issued by the Company as part of the Subscription Price for the Proposed Subscription.
- (6) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

6.2 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" under Chapter 10 of the Catalist Rules. Accordingly, approval of the shareholders of the Company is not required for the Proposed Subscription.

7. FINANCIAL EFFECT

The *pro forma* financial effects of the Proposed Subscription are presented for illustrative purposes only and are not intended to reflect the actual future financial performance and position of the Company or the Group after the completion of the Proposed Subscription.

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

- (a) the financial effects of the Proposed Subscription on the net tangible assets (“NTA”) per Share of the Group are computed assuming that the Proposed Subscription was completed on 31 May 2020;
- (b) the financial effects of the Proposed Subscription on the earnings per Share (“EPS”) of the Group are computed assuming that the Proposed Subscription was completed on 1 June 2019;
- (c) the payment of the Subscription Price is satisfied using internal cash resources;
- (d) share buy-backs done by the Company subsequent to FY2020 have been disregarded in calculating the NTA per Share and EPS;
- (e) exchange rate of S\$1.00 : RM3.05 is used for the computations; and
- (f) expenses incurred in connection with the Proposed Subscription are estimated to be approximately RM52,000 and the effects of the Carried Interest have been disregarded for the purpose of the Proposed Subscription.

7.1 NTA per Share

As at 31 May 2020	Before the Proposed Subscription	After the Proposed Subscription
NTA (RM)	50,159,329	50,159,329
Number of Shares (excluding treasury shares)	111,682,300	111,682,300
NTA per Share (RM cents)	45	45

7.2 EPS

FY2020	Before the Proposed Subscription	After the Proposed Subscription
Profit attributable to owners of the Company (RM)	2,963,984	2,940,531
Weighted average number of Shares	113,142,844	113,142,844
EPS (RM cents)	2.62	2.60

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or controlling Shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Subscription, as well as the Carried Interest Agreement (other than through their respective shareholdings in the Company, if any).

9. SERVICE CONTRACTS

As at the date of this announcement, no person is proposed to be appointed as a director of the Company in connection with the Proposed Subscription. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. 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 (including the Carried Interest Agreement), the Company and its subsidiaries, and the Directors are not aware of any facts the 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.

The information set out in paragraphs 2.1 to 2.4 of this announcement regarding Tenderin was provided by Tenderin and the Directors have not independently verified the accuracy and correctness of the same.

11. DOCUMENTS AVAILABLE FOR INSPECTION

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

By order of the Board

Chew Sue Ann
Executive Chairman and Group Managing Director
17 March 2021

This announcement has been prepared by the Company 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 Catalist Rules.

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.