

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) - NON RELATED PARTY TRANSACTIONS

CUSCAPI BERHAD (Company No.: 43190-H) (“CUSCAPI” OR “COMPANY” OR “PURCHASER”) BUSINESS TRANSFER AGREEMENT BETWEEN CUSCAPI INTERACTIVE SOLUTIONS SDN BHD (“CIS” or “PURCHASER”), AMPLIFY ME PTE. LTD. (“AMPLIFY”) AND SHAUN LEE HONG WEI (“SLHW”)

1. INTRODUCTION

The Board of Directors of Cuscapi Berhad (“**Board of Directors**”) wishes to announce that CUSCAPI INTERACTIVE SOLUTIONS SDN BHD (COMPANY NO.: 627041-H), a company incorporated under the laws of Malaysia with its registered address Suite 10.02, Level 10, The Gardens South Tower, Mid Valley, Lingkaran Syed Putra, 59200 Kuala Lumpur (“**Purchaser**”), a wholly-owned subsidiary of CUSCAPI, has on 25 March 2019 entered into a Business Transfer Agreement (“**BTA**”) with AMPLIFY ME PTE LTD (COMPANY NO.: 201326070W), a company incorporated under the laws of Singapore with its registered address at 195 Pearl’s Hill Terrace #02-05 Singapore 168976 (“**Vendor**”) and SHAUN LEE HONG WEI (NRIC No.: S8211688E), a Singapore citizen (“**Guarantor**”), for the Purchaser to purchase, acquire and accept from the Vendor the Business (as defined under Section 3 below), as a going concern and with good title for a total cash consideration of SGD 2,500,000.00 which is equivalent to approximately RM7.6 million pursuant to the terms and conditions as set out in the BTA (“**Proposed Business Transfer**”).

2. DETAILS OF THE PROPOSED BUSINESS TRANSFER

2.1 Information of the Vendor

AMPLIFY ME PTE LTD was incorporated under the laws of Singapore on 25 September 2013 as a private limited company. The issued and paid-up capital is SGD20,000 which is divided into 20,000 ordinary shares.

The principal business activities of the Vendor are developing e-commerce applications, technology applications and web portals online platform.

The existing directors and shareholder of the Vendor, are as follow: -

| Name of Director |
|------------------|
| Tay Wei Wei Kent |

| Details of Shareholder | | | |
|------------------------|------------------|-----------------------------|---------------------|
| Name | Shareholding (%) | No. of ordinary shares held | Paid-up value (SGD) |
| Shaun Lee Hong Wei | 100 | 20,000 | 20,000.00 |
| Total | 100 | 20,000 | 20,000.00 |

3. DEFINITION OF KEY TERMS

| No. | Key Terms | Description |
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| 1. | Affiliate | means, with respect to any Person, another Person Controlled directly or indirectly by such first Person, Controlling directly or indirectly such first Person or directly or indirectly under the same Control as such first Person; <u>provided</u> , that, unless otherwise expressly stated or the context otherwise requires, the term " Affiliate ", with respect to a natural Person, includes the spouse of such Person and any grandparent, parent, sibling, child or grandchild of such Person or such Person's spouse. |
| 2. | Assets | means the:- (a) ServedByAlfred Business Records; (b) ServedByAlfred Business Information; (c) ServedByAlfred IP; (d) Database; (e) Relevant Contracts; and (f) Employees. |
| 3. | Business | The business of developing, marketing and/or commercializing the ServedByAlfred Products (including ancillary products and service) or any such similar point of sale systems products/ services. |
| 4. | Completion Date | means twenty (20) calendar days from the date of the BTA. |
| 5. | Control | means (including, with correlative meanings, the terms " Controlling ", " Controlled by " and " under common Control with "):- (a) in the case of a Person (other than a natural person), the ownership of or the ability to direct: <ul style="list-style-type: none"> - the majority of the issued shares entitled to vote for election of directors (or analogous persons); - appointment or removal of directors having a majority of the voting rights exercisable at meetings of the board of directors on all or substantially all matters; or - a majority of the voting rights exercisable at general meetings of the shareholder on all or substantially all matters; (b) in the case of any other Person, the ownership of or the ability to direct, a majority of the voting rights in that Person; or (c) in the case of a naturalised person, the direct or |

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| | | indirect possession of the power to direct or cause the direction of its financial and operational management and policies (whether through the ownership of voting shares, by a management or advisory agreement, by contract, by agency or otherwise). |
| 6. | Database | means the database (including any and all data contained within it) owned by the Vendor which contain information and data (including customer information and data) in relation to the operations and functionality of the Business. |
| 7. | Encumbrances | Means any mortgage, charge, pledge, lien, restriction, assignment, hypothecation, security interest, title retention or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any Person (including any right to acquire, option, right of first refusal or right of pre-emption), or any agreement or arrangement to create any of the same. |
| 8. | Intellectual Property | means all patents, utility models, rights to inventions, copyright and neighbouring and related rights, trademarks and service marks, business names and domain names, rights in get-up and trade dress, goodwill and the right to sue for passing off, rights in designs, rights in computer software, database rights, rights to use, and protect the confidentiality of, confidential information (including know-how and trade secrets) and data, and all and other intellectual property rights, in each case whether registered or unregistered and including all applications and rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection that subsist or will subsist now or in the future in any part of the world. |
| 9. | Intellectual Property Transfer Agreement | means an agreement to effect the transfer and assignment of the ServedByAlfred IP to the Purchaser or any of its Affiliates. |
| 10. | Person | means a natural person, body corporate, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity or organization. |
| 11. | Purchase Consideration | means SGD2,500,000, which is equivalent to approximately RM7.6million, being the purchase consideration payable for the Business, comprised both the Pre-Agreement Sum and BTA Sum. |

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| 12. | BTA Sum | means SGD1,650,000, which is equivalent to approximately RM5.0 million. |
| 13. | Pre-Agreement Sum | means SGD850,000, which is equivalent to RM2,611,115, being the amount paid by the Purchaser (on the Vendor's behalf) to Octava pursuant to a Settlement Agreement dated 2 January 2019. |
| 14. | Octava | means Octava Pte Ltd (Company No.: 201427537R), a company incorporated under the laws of Singapore with its registered address at 8 Temasek Boulevard, #38-01 Suntec Tower Three, Singapore 038988. |

4. SALIENT TERMS OF THE PROPOSED BUSINESS TRANSFER

The salient terms of the BTA, as follows:-

| No. | Salient Terms | Description |
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| 1. | Agreement | Subject to the terms of the BTA, the Vendor agrees to sell and transfer, and the Purchaser agrees to purchase, acquire and receive, from the Vendor the Business, as a going concern, comprising of the Assets, free from all Encumbrances and with good title, for the Purchase Consideration payable by the Purchasers to the Vendor pursuant to the BTA. |
| 2. | Consideration | <p>Total consideration payable for the Assets shall be the Purchase Consideration, which is comprised of the Pre-Agreement Sum and the BTA Sum.</p> <p>Both Purchaser and Vendor agree and acknowledge that the Purchaser has, on the Vendor's behalf, made payment of SGD850,000, which is equivalent to RM2,611,115, to Octava pursuant to a Settlement Agreement dated 2nd January 2019. Both Purchaser and Vendor further agree and acknowledge that the aforementioned payment shall be deemed satisfactory payment of a portion of the Purchase Consideration (being the Pre-Agreement Sum).</p> <p>Upon execution of this Agreement, SGD 1,150,000 which is equivalent to approximately RM3.5million of the BTA Sum ("BTA Sum - First Tranche") shall be paid directly to the Vendor's nominated bank account or on trust to the Purchaser's Solicitors, at the Purchaser's option. The Purchaser's Solicitors will act as the stakeholder in relation to the payment of Purchase Consideration, who will release the BTA Sum - First Tranche into the Vendor's nominated bank account upon the Purchaser's instructions to do so.</p> <p>SGD500,000 which is equivalent to approximately RM1.5million of the BTA Sum ("BTA Sum - Second") shall be paid directly to the Vendor's nominated bank account or on trust to the Purchaser's Solicitors, at the Purchaser's option. The Purchaser's Solicitors will act as the stakeholder in relation to the payment of Purchase Consideration, who will release the BTA Sum - Second Tranche into the Vendor's nominated bank account upon the Purchaser's instructions to do so.</p> |

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| | | <p>Tranche") will be paid directly to the Vendor's nominated bank account either:-</p> <p>(a) within ten (10) Business Days upon satisfactory fulfilment of all the obligations under the BTA, or</p> <p>(b) on 1 June 2019, whichever later.</p> <p>Upon both release of the BTA Sum - First Tranche to the Vendor and payment of the BTA Sum - Second Tranche to the Vendor as described in the BTA, the Purchase Consideration shall be deemed paid in full and no further payments shall be required to be made by the Purchaser to the Vendor in respect of the purchase of Assets.</p> |
| 3. | Termination | <p>If the BTA is terminated by fault of the Vendor, then: -</p> <p>(a) the BTA Sum (as held by the Purchaser's Solicitors) shall be duly transferred back to the Purchaser; and</p> <p>(b) the Vendor shall also be obliged and liable to pay the Pre-Agreement Sum to the Purchaser, and the Pre-Agreement Sum shall be deemed to be a debt owing by the Vendor to the Purchaser.</p> |
| 4. | Transfer of Intellectual Property | <p>The Vendor shall upon completion transfer all Intellectual Property subsisting in the Database and the ServedByAlfred IP (including any such Intellectual Property which may subsist now or in the future) to the Purchaser by way of the Intellectual Property Transfer Agreement.</p> <p>The Vendor and Purchaser agree to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by Law or as may be requested by Purchaser to implement and/or give effect to the transfer of the Database and ServedByAlfred IP (upon Completion Date, unless otherwise mutually agreed by the Vendor and Purchaser).</p> <p>The Vendor further agrees to:</p> <p>(a) cease using the ServedByAlfred IP and Database;</p> <p>(b) remove the "ServedByAlfred" mark from all websites or mobile applications whose content Vendor is able to control, whether directly or indirectly;</p> <p>(c) cease using the "ServedByAlfred" mark in all its promotional or marketing materials; and</p> <p>(d) procure Octava to comply with the BTA.</p> |

5. BASIS OF ARRIVING AT CONSIDERATION OF THE PROPOSED BUSINESS TRANSFER

The consideration for the Proposed Business Transfer was arrived at from a “willing buyer willing seller” basis between Cuscapi and AMPLIFY, after taking into consideration the rationale and the future potential prospect of the Proposed Business Transfer as mentioned in Section 8 of this Announcement.

6. SOURCE OF FUNDING

The consideration for the Proposed Business Transfer shall be satisfied via:-

- (a) placement fund from the previous placement exercise in respect of the issuance of the shares and warrants, and
- (b) working capital of the Group.

7. LIABILITIES TO BE ASSUMED

Save for the financial commitments relating to the Proposed Business Transfer, there is no other liability, including contingent liability and guarantee to be assumed.

8. RATIONALE AND PROSPECTS OF THE PROPOSED BUSINESS TRANSFER

The Proposed Business Transfer provides an opportunity for Cuscapi Group to acquire a business and IP related to development of cloud-based Point Of Sales (POS) from Amplify which will enable the Group to migrate its existing customers from an aging client/server platform to cloud based technology platform in a relatively short timeframe. In addition, the Group will also acquire the existing business of AMPLIFY.

Amplify’s product suite is a cloud-based solution that include peripheral products that complements the POS, these include: kitchen display system, number calling system, e-waiter app, e-menu and a mobile app for customer self-ordering. This Proposed Business Transfer will allow the Group to help its customers to engage the end consumers in a multitude of channels. This omni-channel approach, in line with the increasingly digital lifestyles of our society will help our customers to achieve bottom line growth.

This Proposed Business Transfer will allow the Group to own a technology solution platform upon which future product roadmap as well as business opportunities can be built and realized and therefore propel the Group to be an innovative technology provider as well as a leader in the key markets.

Amplify solutions is suitable for the whole spectrum of customers, from Tier 2 and Tier 3 up until Enterprise class customers. This will not only allow the Group to retain its existing Enterprise customers, but also open up opportunities in cultivating small to medium customers within the POS markets in the region.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of Cuscapi and/or persons connected with them, has any interest, whether direct or indirect, in the Proposed Business Transfer.

10. KEY RISK FACTORS

Cuscapi does not foresee any material risk arises from the Proposed Business Transfer other than ordinary investment risks which may arise due to various factors, such as: -

- (a) Significant changes to the prevailing economic and political conditions in Malaysia and surrounding region that may directly or indirectly have an adverse impact on the activities or performance of the Group;
- (b) Significant changes to the present legislation or Government regulations, rates and bases of duties, levies and taxes which will adversely affect the activities or operations of the Group or the markets in which it operates;
- (c) Significant fluctuations in inflation rates and interest rates from their present levels which would adversely affect the activities and operations of the Group;
- (d) The existing terms and conditions of contracts and agreements with existing customers not renewed due to unexpected factors; or
- (e) Other operational and competition risks.

Nonetheless, Cuscapi aims to leverage on the operational experiences and its expertise to mitigate the potential risks as and when they arise/occur.

11. EFFECTS OF THE PROPOSED BUSINESS TRANSFER

(a) Earnings and Earnings Per Share

The Proposed Business Transfer is not expected to have any material impact on the earnings per share of Cuscapi for the current financial year ending 31 December 2019.

(b) Net Assets (“NA”) and Gearing

The Proposed Business Transfer is not expected to have any material impact on the NA and gearing of the Group as the consideration will be funded via placement fund from the previous placement exercise in respect of the issuance of shares and warrants and working capital of the Group.

(c) Share Capital and Shareholding Structure

The Proposed Business Transfer does not involve any issuance of new shares in Cuscapi and therefore, will not have any effect on the share capital and substantial shareholders’ shareholding of Cuscapi.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Business Transfer pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is approximately 8.76% based on the Company's External Auditors' Review Report on Interim Financial Statements for the period from 1 January 2018 to 31 March 2018.

13. APPROVALS REQUIRED

The Proposed Business Transfer is not subject to the approval of shareholders of Cuscapi or any other relevant authorities.

14. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of Cuscapi, having considered all aspects and rationale of the Proposed Business Transfer, is of the opinion that the proposal is a good investment opportunity and is in the best interest of Cuscapi Group.

15. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED BUSINESS TRANSFER

Barring any unforeseen circumstances, the Proposed Business Transfer is expected to be completed by twenty (20) calendar days from the date of this Agreement.

16. DOCUMENTS AVAILABLE FOR INSPECTION

The BTA and the Settlement Agreement dated 2 January 2019 are available for inspection at the registered office of Cuscapi at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 25 March 2019.