

CUSCAPI BERHAD (Company No.: 43190-H) ("**CUSCAPI**" OR "**COMPANY**")

BUSINESS TRANSFER AGREEMENT; AND  
INTELLECTUAL PROPERTY TRANSFER AGREEMENT

BETWEEN CUSCAPI INTERACTIVE SOLUTIONS SDN BHD, AMPLIFY ME PTE. LTD. AND SHAUN LEE HONG WEI

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## 1. INTRODUCTION

The Board of Directors of CUSCAPI ("**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, had, on 2 August 2019, entered into a **Mutual Termination of Business Transfer Agreement ("MTA")** (as defined under Section 3 below) 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**" or "**Amplify**") and Shaun Lee Hong Wei (Singapore NRIC No.: S8211688E), a Singapore citizen ("**Guarantor**"), (*collectively to be referred as "**Parties**"*), **mutually terminated** the Business Transfer Agreement dated 25 March 2019 ("**the Old BTA**").

Simultaneously, the Parties have also entered into the following agreements with the Vendor and the Guarantor as follows:

- (a) Business Transfer Agreement ("**New BTA**") with consideration of **SGD250,000**; and
- (b) Intellectual Property Transfer Agreement ("**IPTA**") with consideration of **SGD2,250,000**.

*(Collectively to be referred as "**Proposed Business Transfer**")*

The purpose of the above-mentioned three agreements, i.e. MTA, New BTA and IPTA, are to allow the Parties to mutually terminate the Old BTA and simultaneously enter into a New BTA and IPTA. The rationale is to provide a clearer distribution of the considerations paid for the New BTA and IPTA. Save for the distribution of the considerations, there are no other material changes on the Proposed Business Transfer compared to the Old BTA. The purpose of the Proposed Business Transfer (i.e. to allow Purchaser to purchase, acquire and accept from the Vendor the Business (as defined under Section 4 below), as a going concern and with good title for a total cash consideration of SGD2,500,000 which is equivalent to approximately RM7.6 million) remains unchanged.

## 2. DETAILS OF THE VENDOR

### 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 of the Vendor 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 director and shareholder of the Vendor, are as follow: -

Name of Director
Shaun Lee Hong Wei

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

### 3. PROPOSED MUTUAL TERMINATION OF BUSINESS TRANSFER AGREEMENT

Upon signing of the MTA, the Parties hereby agreed: -

#### 3.1 Termination.

The Parties hereby mutually agree that with immediate effect, the Old BTA and all of the Parties' respective rights, duties, liabilities and obligations thereunder are hereby unconditionally and irrevocably terminated and shall be null and void and of no further force and effect.

#### 3.2 Waiver and Release

Each of the Parties hereby acknowledge and agree that with immediate effect, there shall be a full, final, unconditional and irrevocable waiver, release and discharge on the part of each of the Parties, of all sums owed, claims of whatsoever nature, whether now or in the future, which either Party has or may have had, against the other Party, its officers, directors, members, legal representatives, successors and/or assigns, that arises out of or is in relation to performance of the Old BTA.

#### 3.3 Reallocation of Payments Made

The Parties hereby acknowledge and agree that the Purchaser had satisfied part of the total Purchase Consideration payable pursuant to the Old BTA (i.e. SGD 2,000,000 out of total Purchase Consideration of SGD 2,500,000). The Parties further acknowledge and agree that the payment of SGD 2,000,000 shall be deemed refunded, and allocated in the following manner:

(a) SGD 1,900,000 as part payment of the consideration sum set out in the IPTA; and

(b) SGD 100,000 as payment of the New BTA Sum - First Tranche under the New BTA.

#### 4. SALIENT TERMS OF THE PROPOSED BUSINESS TRANSFER

The salient terms of the New BTA, as follows: -

No.	Salient Terms	Description
1.	Business Transfer Agreement	An agreement where the Vendor has agreed to sell, transfer and assign to the Purchaser and the Purchaser has agreed to purchase, acquire and accept from the Vendor the Business, as a going concern and with good title, upon the terms and subject to the conditions set forth in the New BTA.
2.	Assets	<p>means the:-</p> <ul style="list-style-type: none"> <li>(a) ServedByAlfred Business Records;</li> <li>(b) ServedByAlfred Business Information;</li> <li>(c) ServedByAlfred IP;</li> <li>(d) Database;</li> <li>(e) Relevant Contracts; and</li> <li>(f) Employees.</li> </ul> <p><u>The description of the ServedByAlfred Business Records, ServedByAlfred Business Information, and Relevant Contracts are as follow:-</u></p> <ul style="list-style-type: none"> <li>• ServedByAlfred Business Records: means all books and records in whatever form, physical and virtual, containing or relating to the Business or on which such information is recorded or stored.</li> <li>• ServedByAlfred Business Information: means all information existing at and preceding the Completion Date relating to the Business, including the ServedByAlfred IT Systems, details of customers, suppliers, distributors and agents, sales targets, sales statistics, market share statistics, market surveys and information relating to future business development or planning, information relating to discounts, commissions and rebates received and/or paid, all proprietary industrial and commercial information and techniques in whatever form held, in each case only to the extent existing in relation to the Business, in a format allowing such information to be easily assessed and managed by the Purchaser.</li> </ul> <p>Relevant Contracts: means the Customer Contracts (i.e. all contracts entered into by the Vendor with its customers in relation to the Business) and Service Provider Contracts(i.e. all contracts entered into by the Vendor with its service providers, suppliers or vendors of the Business).</p>

3.	Business	<p>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.</p> <p>There is One (1) staff in the Business 's payroll as the date of New BTA: -</p> <ul style="list-style-type: none"> <li>• Shaun Lee HongWei, Director/Founder.</li> </ul> <p>The Business's net loss and net liabilities for the year ended 31 August 2017 stood at SGD250,949 and SGD 658,261 respectively.</p>
4.	Completion Date	means twenty (20) calendar days from the date of the New BTA.
5.	Purchase Consideration	means SGD250,000, which is equivalent to approximately RM762,500, being the purchase consideration payable for the Assets (save for the Served ByAlfred IP)
6.	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
8.	Consideration	<p>Total consideration payable for the Assets (save for the ServedByAlfred IP, the considering of which shall be set out in the IPTA) shall be the Purchase Consideration.</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.</p> <p>Both Purchaser and Vendor agree and acknowledge that SGD100,000 which is equivalent to RM305,240 of the New BTA Sum ("<b>BTA Sum - First Tranche</b>") has been received by the Vendor, pursuant to the terms of the MTA dated [ insert date ]</p> <p>SGD 150,000 which is equivalent to approximately RM450,540 of the New BTA Sum ("<b>BTA Sum - Second Tranche</b>") 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 Completion Obligations under the New BTA, or</p>

		<p>(b) on 7 August 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 New 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>
9.	Termination	<p>If the New 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 and any consideration paid by the Purchaser to the Vendor for the assignment of the ServedByAlfred IP to the Purchaser, where such obligation and liability to pay shall be deemed to be a debt owing by the Vendor to the Purchaser.</p>

**The salient terms of the IPTA, as follows: -**

No.	Salient Terms	Description
1.	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.
2.	Completion Date	Date of Agreement
3.	Consideration in respect of the IPTA	<p>For the consideration of SGD2,250,000 which is equivalent to approximately RM6,867,395 and pursuant to the terms of the New BTA, Vendor hereby assigns, and transfers ownership and control of 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.</p> <p>The Parties agree and acknowledge that SGD 1,900,000 of the consideration set out in IPTA has been satisfied by the Purchaser, pursuant to the terms of a Mutual Termination of Business Transfer Agreement dated [to insert]</p> <p>The fulfilment of the SGD 1,900,000 is made by way of:</p> <p>(a) Purchaser's payment of SGD 850,000 which is equivalent to RM2,611,115 to Octava, on the Vendor's behalf, pursuant to a Settlement Agreement dated 2nd January 2019.</p>

		<p>The Settlement Agreement is an agreement between Amplify, Octava and the director of Amplify to clear off the charges placed on Business pursuant to a loan given by Octava to Amplify.</p> <p>(b) Purchaser's payment of SGD 1,050,000 which is equivalent to RM3,205,020 made directly to Vendor, the receipt of which Vendor hereby acknowledges.</p> <p>Based on the foregoing, both Parties agree that, as of the date of IPTA, the consideration amount outstanding to be paid by Purchaser to Vendor under New BTA is SGD 350,000 which is equivalent to RM1,051,260, which shall be paid:</p> <p>(a) within ten (10) Business Days upon satisfactory fulfilment of all the Completion Obligations under the New BTA, or</p> <p>(b) on 7 August 2019, whichever later.</p>
4.	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.
5.	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.
6.	Intellectual Property Transfer Agreement	An agreement to transfer and assign any and all of its rights, title and interest in all the past and present Intellectual Property in and in relation to the Database and ServedByAlfred IP, to the Purchaser.
7.	ServedByAlfred IP	Means the Intellectual Property subsisting (now or in the future) in the ServedByAlfred Products and the ServedByAlfred IT systems.

8.	Termination	The IPTA is deemed terminated upon termination of the new BTA.
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## 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 Parties agree and acknowledge that SGD2,000,000 which was payable pursuant to the Old BTA has been satisfied, and the balance consideration of SGD500,000 shall be satisfied via working capital of the Group.

## 7. LIABILITIES TO BE ASSUMED

Save for the financial commitments relating to the Proposed Business Transfer, which refers to incidental legal cost, there is no other liability, including contingent liability and guarantee to be assumed by the Purchaser.

## 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 7.85% based on the Company's audited Financial Statements for the financial year ended 31 December 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 Announcement.

## **16. DOCUMENTS AVAILABLE FOR INSPECTION**

The MTA, New BTA and IPTA dated 2 August 2019, 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 Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 2 August 2019.