

CATCHA DIGITAL BERHAD ("CATCHA DIGITAL" OR THE "COMPANY")

PROPOSED ACQUISITION BY IMEDIA ASIA SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF CATCHA DIGITAL) ("IMEDIA" OR THE "PURCHASER") OF THE REMAINING 49% EQUITY INTEREST IN ITTIFY SDN BHD ("ITTIFY") FOR A CASH CONSIDERATION OF RM3,430,000 ("PROPOSED ACQUISITION")

Unless stated otherwise, definitions used in this announcement shall carry the same meaning as defined in the circular to shareholders of the Company in relation to the Company's regularisation plan dated 30 June 2022 ("**Circular**"). The latest practicable date for this announcement is 2 October 2023 ("**LPD**").

1. INTRODUCTION

On 3 July 2020, iMedia entered into the Ittify SSA with Tan Guan Sheng and Wong Moo Voon (collectively the "**Vendors**") for the acquisition of 51% equity interest in Ittify for a cash consideration of RM2,040,000. This acquisition was completed on 4 August 2020. As at the LPD, Ittify is a 51%-owned subsidiary of iMedia.

On 4 August 2020, iMedia entered into the Ittify Call Option Agreement with the Vendors for iMedia to acquire the remaining 49% equity interest in Ittify for a purchase consideration of RM4,018,000, to be satisfied in cash and the issuance of Catcha Digital Shares. The Ittify Call Option Agreement is valid for 3 years from the completion date of the Ittify SSA (i.e. 4 August 2020) until 3 August 2023. As at the LPD, the Ittify Call Option Agreement has lapsed as iMedia and the Vendors were negotiating on a revised purchase consideration for the remaining 49% equity interest in Ittify.

On 9 October 2023, iMedia entered into a new share sale agreement ("**New SSA**") with the Vendors for the acquisition of the remaining 980 ordinary shares in Ittify not owned by iMedia (representing 49% equity interest in Ittify) ("**Sale Shares**") for a cash consideration of RM3,430,000 ("**Purchase Consideration**").

Appendix I of this announcement sets out further details of the terms to the New SSA.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Proposed Acquisition

Ittify was incorporated in Malaysia on 3 August 2015 under the Act as a private limited company. Ittify was founded by Tan Guan Sheng who saw the potential of connecting brand owners with social influencers to initiate social media advertising.

Ittify is principally engaged in the business of online media advertising and social media marketing. Its focus is on the provision of social influencer marketing solutions. Ittify's platform via its website at www.ittify.com and application at Google Play Store and Apple Application Store, respectively, provides a technology platform that allows its team of campaign managers, social influencers and brand owners to manage marketing campaigns, track performance and engagement levels and provide a reporting dashboard of these campaigns on its platform.

As at the LPD, Ittify has a total issued share capital of RM401,680 comprising 2,000 ordinary shares.

As at the LPD, the directors of Ittify are Tan Guan Sheng, Voon Tze Khay and Tee Choon Wee, and the shareholders of Ittify are iMedia (51% equity interest), Tan Guan Sheng (42% equity interest) and Wong Moo Voon (7% equity interest). Upon completion of the Proposed Acquisition, Ittify will become a wholly-owned subsidiary of iMedia. As at the LPD, Ittify does not have any subsidiary or associated company.

The following are the key financial information of Ittify for the audited FYEs 31 December 2020 to 31 December 2022 and unaudited 6-months financial period ended ("6M-FPE") 30 June 2023:

	FYE 31 December			6M-FPE 30 June 2023
	2020 RM'000	2021 RM'000	2022 RM'000	RM'000
Revenue	2,183	4,152	4,720	2,454
Profit before tax	169	438	825	714
Profit after tax	123	323	618	531
Net assets	630	954	1,572	2,102

Please refer to Section 5.1.3 of Part A of the Circular for further information on Ittify.

2.2 Basis and justification for the Purchase Consideration

The Purchase Consideration for the Proposed Acquisition was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

- (i) Ittify is already a 51%-owned subsidiary of iMedia and iMedia itself was acquired by Catcha Digital – this acquisition was completed on 7 March 2023 ("iMedia Acquisition"); and
- (ii) the purchase consideration for the remaining 49% equity interest in Ittify was previously agreed up front by iMedia and the Vendors pursuant to the Ittify Call Option Agreement.

After further negotiation between iMedia and the Vendors, this purchase consideration was revised downwards in the New SSA, considering iMedia's contribution to the improved financial performance of Ittify for the FYE 31 December 2021 and FYE 31 December 2022, after acquisition of the 51% equity interest by iMedia on 4 August 2020. The summary of the purchase consideration based on Ittify Call Option Agreement and the New SSA is as follows:

	(RM '000)
Purchase consideration pursuant to:	
- Ittify Call Option Agreement	4,018
- New SSA	3,430
Discount to iMedia	588
% discount	14.6

2.3 Source of funding

The Purchase Consideration will be funded via internal cash balances of the Group, which stood at RM10.19 million as at the LPD.

2.4 Liabilities to be assumed

Save for the liabilities arising from the consolidation of Ittify into the Group, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by Catcha Digital Group pursuant to the Proposed Acquisition.

2.5 Additional financial commitment

Catcha Digital Group does not expect to incur any additional financial commitment to put Ittify's business on-stream as Ittify is already in operation.

3. RATIONALE AND BENEFIT OF THE PROPOSED ACQUISITION

The Proposed Acquisition will provide an avenue for Catcha Digital Group to fully consolidate Ittify and to have full control over the operations of Ittify.

As Ittify is already in a profit-making position, Catcha Digital Group stands to benefit further by fully consolidating the financial results of Ittify. By having 100% equity interest in Ittify, the Group will have better control over the operations of this company and achieve better operational efficiencies. In the longer term, the Group hopes that the earnings of Ittify would improve further and contribute positively to the overall financial performance of the Group.

4. PROSPECTS OF CATCHA DIGITAL GROUP

On 7 March 2023, Catcha Digital announced the completion of the iMedia Acquisition.

On 28 July 2023, the Company announced that Bursa Securities had vide its letter dated 28 July 2023, approved the upliftment of Catcha Digital's status as a Cash Company pursuant to Rule 8.03 and GN2 of the Listing Requirements, effective from 9.00 a.m., Monday, 31 July 2023.

On 31 July 2023, the Company announced that:

- (i) the Rights Issue has been completed following the listing and quotation of 126,432,058 Rights Shares on the ACE Market of Bursa Securities on 31 July 2023; and
- (ii) the Company's regularisation plan has been completed on 31 July 2023.

With the assimilation of iMedia into the Group, the Group is now operating in the digital media, advertising and software industries. Moving forward, the Group intends to increase its presence in existing markets through strategic investments, mergers and acquisition that are complementary to its business.

As mentioned above, the Proposed Acquisition will enable the Group to fully consolidate the profit-making operations of Ittify and to have better control over the operations of Ittify for achieving operational efficiencies. Taking this into consideration, the Board believes that the Proposed Acquisition is beneficial to the Group and is optimistic of the future prospects of the Group.

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5. RISK RELATING TO THE PROPOSED ACQUISITION

The Proposed Acquisition would result in further consolidation of Ittify into the Catcha Digital Group. There is no assurance that Ittify will continue to be profitable after the completion of the Proposed Acquisition.

The business of Ittify may be susceptible to risks such as lacklustre economic condition, competition from existing players and entry of new players as well as changes in the legal environment where the industry operates.

The Group seeks to mitigate the abovementioned risks by, amongst others leveraging on the experience, skills and competencies of its existing key management personnel and adopting prudent financial management and conducting periodic reviews on the performance of Ittify.

6. EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will not have any effect on the issued share capital and substantial shareholders' shareholdings of Catcha Digital as it does not involve the issuance of any securities in Catcha Digital.

The Proposed Acquisition is not expected to have any material impact on the gearing of Catcha Digital as the Purchase Consideration will be funded entirely via internal cash balances of the Group.

The Proposed Acquisition is expected to complete in the 4th quarter of 2023. As such, this is expected to contribute positively to the consolidated earnings of Catcha Digital Group for the FYE 31 December 2023.

7. APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approval of shareholders of Catcha Digital or any other relevant authorities.

Pursuant to Rule 10.02(g) of the Listing Requirements, the highest percentage ratio applicable for the Proposed Acquisition is 6.54%, calculated based on the Purchase Consideration divided by the net assets⁽¹⁾ of Catcha Digital Group as at 31 December 2022.

Note:

(1) Pursuant to Rule 10.03(4)(b) and Rule 10.03(4)(d) of the Listing Requirements, the percentage ratios are calculated using the net assets of Catcha Digital Group based on pro forma consolidated statements of financial position of the Group as at 31 December 2022 prepared by BDO PLT assuming:

- (i) the iMedia Acquisition was completed at the beginning of the FYE 31 December 2022; and
- (ii) the Rights Issue had been effected on 31 December 2022.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the directors or major shareholders of the Company, or persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Acquisition, including but not limited to the rationale, risks, the terms of the New SSA and effects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of the Company.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Board expects the Proposed Acquisition to be completed in the 4th quarter of 2023.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The New SSA is available for inspection at the registered office of Catcha Digital at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya during normal business hours on Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 9 October 2023.

APPENDIX I – THE SALIENT TERMS TO THE NEW SSA

For the purposes of this **Appendix I**:

“**Effective Date**” means the execution date of the New SSA;

“**TGS**” means Tan Guan Sheng;

“**WMV**” means Wong Moo Voon; and

“**Parties**” collectively refer to Purchaser and the Vendors.

No.	Clause/ Schedule	Salient terms of the New SSA												
1.	Clause 1.1	<p>“Completion” means the completion of the sale and purchase of the Sale Shares that shall take place on the Completion Date, and the Parties shall comply with their obligations as set out in Error! Reference source not found. to give effect to Completion.</p> <p>“Completion Date” means the Effective Date, or such other date to be mutually agreed in writing between the Parties.</p> <p>“Employment Agreement” means the employment agreement entered/ to be entered between TGS and Ittify in respect of TGS’s employment by Ittify for a period of at least twenty-four (24) months from the Completion Date, and on such other terms to be mutually agreed between Ittify and TGS.</p> <p>“Sale Shares” means the nine hundred and eighty (980) ordinary shares, representing forty-nine per cent (49%) of the issued share capital of Ittify, held by and registered in the name of the Vendors in the following proportions as at the Effective Date:</p> <table border="1" data-bbox="454 948 1527 1107"> <thead> <tr> <th data-bbox="454 948 810 1011">Name of Vendors</th> <th data-bbox="810 948 1167 1011">No. of Sale Shares</th> <th data-bbox="1167 948 1527 1011">Percentage (%) of Ittify’s Share Capital</th> </tr> </thead> <tbody> <tr> <td data-bbox="454 1011 810 1043">TGS</td> <td data-bbox="810 1011 1167 1043">840</td> <td data-bbox="1167 1011 1527 1043">42%</td> </tr> <tr> <td data-bbox="454 1043 810 1075">WMV</td> <td data-bbox="810 1043 1167 1075">140</td> <td data-bbox="1167 1043 1527 1075">7%</td> </tr> <tr> <td data-bbox="454 1075 810 1107">Total</td> <td data-bbox="810 1075 1167 1107">980</td> <td data-bbox="1167 1075 1527 1107">49%</td> </tr> </tbody> </table>	Name of Vendors	No. of Sale Shares	Percentage (%) of Ittify’s Share Capital	TGS	840	42%	WMV	140	7%	Total	980	49%
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TGS	840	42%												
WMV	140	7%												
Total	980	49%												

APPENDIX I – THE SALIENT TERMS TO THE NEW SSA

No.	Clause/ Schedule	Salient terms of the New SSA
2.	Clause 3.2	<p>The Parties agree that the Purchase Consideration shall be payable in the following manner and tranches to the Vendors:</p> <p>3.2.1 the first tranche payment of Ringgit Malaysia Six Hundred and Eighty-Six Thousand (RM686,000), which is equivalent to twenty per cent (20%) of the Purchase Consideration, shall be payable on the Completion Date, of which:</p> <ul style="list-style-type: none"> (i) Ringgit Malaysia Five Hundred and Eighty-Eight Thousand (RM588,000) shall be payable to TGS; and (ii) Ringgit Malaysia Ninety-Eight Thousand (RM98,000) shall be payable to WMV, <p>and the Vendors shall, upon receipt of the abovementioned first tranche payment, comply with their post-completion undertakings under Clause 5;</p> <p>3.2.2 subject to the Vendors' compliance with their post-completion undertakings under Clause 5, the second tranche payment of Ringgit Malaysia One Million and Twenty-Nine Thousand (RM1,029,000), which is equivalent to thirty per cent (30%) of the Purchase Consideration, shall be payable within five (5) Business Days from the date the Purchaser confirming with the Vendors in writing that the same has been complied with, of which:</p> <ul style="list-style-type: none"> (i) Ringgit Malaysia Eight-Hundred and Eighty-Two Thousand (RM882,000) shall be payable to TGS; and (ii) Ringgit Malaysia One Hundred and Forty-Seven Thousand (RM147,000) shall be payable to WMV; and <p>3.2.3 the balance amount of Ringgit Malaysia One Million Seven Hundred and Fifteen Thousand (RM1,715,000), which is equivalent to fifty per cent (50%) of the Purchase Consideration, shall be payable within twelve (12) months from the Completion Date, of which:</p> <ul style="list-style-type: none"> (i) Ringgit Malaysia One Million Four Hundred and Seventy Thousand (RM1,470,000) shall be payable to TGS; and (ii) Ringgit Malaysia Two Hundred and Forty-Five Thousand (RM245,000) shall be payable to WMV.

APPENDIX I – THE SALIENT TERMS TO THE NEW SSA

No.	Clause/ Schedule	Salient terms of the New SSA
3.	Clause 3.3	All payments due by the Purchaser to the Vendors under the New SSA shall be made by way of interbank transfer to the relevant Vendors' bank accounts.
4.	Clause 3.4	In the event that any payment(s) due by the Purchaser to the Vendors under the New SSA shall be in arrears, the Vendors hereby agree that the Purchaser shall be given a thirty (30)-day interest-free grace period from the date such payment becomes due (“ Grace Period ”) to settle such overdue payment(s). In the event that any payment(s) remain in arrears after the expiry of the Grace Period, the Purchaser shall pay the Vendors late payment interest on the unpaid amount at the rate of eight per cent (8%) per annum, which shall accrue on a daily basis from the date immediately following the expiry of the Grace Period until the date actual payment is made.
5.	Clause 4.1	Completion shall take place on the Completion Date, and the Parties shall comply with their obligations as set out in Schedule 2 to give effect to Completion.
6.	Clause 5.1	<p>The Vendors acknowledge, agree and undertake to the Purchaser that subject to Completion taking place, the first tranche payment of the Purchase Consideration in the amount of Ringgit Malaysia Six Hundred and Eighty-Six Thousand (RM686,000) shall be used by the Vendors to purchase the shares of Catcha Digital Berhad listed on Bursa Malaysia Securities Berhad under the stock code 'CATCHA (0173)' of comparable value (<i>de minimis</i> rule applicable) (“Security Shares”) in their own name and personal capacity only (any purchase using a nominee shall not be allowed), whether in one or more tranches, within ten (10) Business Days from the Completion Date, of which:</p> <p>5.1.1 the aggregate value of Security Shares to be purchased by TGS shall be in the amount of (or approximately) Ringgit Malaysia Five Hundred and Eighty-Eight Thousand (RM588,000); and</p> <p>5.1.2 the aggregate value of Security Shares to be purchased by WMV shall be in the amount of (or approximately) Ringgit Malaysia Ninety-Eight Thousand (RM98,000),</p> <p>and the Vendors shall provide documentary evidence of such purchase to the Purchaser (to its satisfaction) no later than ten (10) Business Days from the Completion Date, upon which the Purchaser shall confirm with the Vendors in writing whether the same has been complied with within two (2) Business Days from the date of receipt of such documentary evidence.</p>

APPENDIX I – THE SALIENT TERMS TO THE NEW SSA (CONT'D)

No.	Clause/ Schedule	Salient terms of the New SSA
7.	Clause 5.2	Further, in respect of the Security Shares purchased by the Vendors pursuant to Clause 5.1, each Vendor hereby agrees and undertakes to the Purchaser that he shall not, at any time before the expiry of twenty-four (24) months from the Completion Date, sell, transfer or otherwise dispose or create any encumbrance over all or any part of the Security Shares without the prior written approval of the Purchaser, and the Vendors shall, simultaneously with the purchase of the Security Shares, give irrevocable written instructions (in such form and manner approved by the Purchaser) to the relevant stockbroking company holding the Security Shares to require the prior written approval of the Purchaser before the execution of any transaction for the sale or transfer of the Security Shares during the aforementioned period (a copy of the relevant written instructions in approved form shall be provided to the Purchaser). The Vendors hereby waive any right of action and agree and undertake to fully indemnify and hold harmless and keep indemnified and held harmless the Purchaser against any losses and/or opportunity costs the Vendors may suffer as a result of any appreciation or depreciation of price of the Security Shares during such period.
8.	Clause 5.3	In the event it is discovered that any Vendor has sold, transferred or otherwise disposed or created any encumbrance over all or any part of the Security Shares without the prior written approval of the Purchaser in contravention of his undertakings under Clause 0, the Vendor shall, upon notice in writing by the Purchaser, pay the Purchaser an amount equivalent to three (3) times the price paid by such Vendor for the initial purchase of the Security Shares.
9.	Clause 5.4	For the avoidance of doubt, the Vendors may freely deal with the Security Shares without any restriction whatsoever under the New SSA after the expiry of twenty-four (24) months from the Completion Date.
10.	Clause 8.1	The New SSA shall be effective from the Effective Date and shall continue and remain in full force and effect unless terminated pursuant to the provisions of the New SSA.
11.	Clause 8.2	In addition to any other rights of the Purchaser to terminate the New SSA as set out herein, the Purchaser may, by written notice given to the Vendors, terminate the New SSA (other than the surviving provisions) without liability on its part (to which Clause 8.4 shall apply) if any fact, matter or event comes to the notice of the Purchaser at any time on, before or after the Completion Date (whether arising or existing on, before or after the Completion Date) which constitutes or would constitute a breach by the Vendors of the New SSA or the Employment Agreement (including a breach by any of the Vendors of the representations, warranties, covenants, undertakings or other obligations of the Vendors contained in the New SSA or the Employment Agreement), and that particular breach (if capable of being rectified), is not rectified within fourteen (14) days of notification in writing by the Purchaser to the Vendors.

APPENDIX I – THE SALIENT TERMS TO THE NEW SSA (CONT'D)

No.	Clause/ Schedule	Salient terms of the New SSA
12.	Clause 8.3	Without prejudice to the Purchaser's right to terminate the New SSA under Clause 8.2, the New SSA may otherwise be terminated by the mutual written agreement of the Parties only.
13.	Clause 8.4	The right to terminate under the New SSA shall be without prejudice to any claims or rights of action previously accrued to any party in respect of any breach of any of the provisions of the New SSA prior to such termination. All rights and obligations of the Parties shall cease to have effect immediately upon termination of the New SSA, save and except for the surviving provisions which shall survive the termination of the New SSA. For the avoidance of doubt, in the event the New SSA is terminated by the Purchaser at any time after the Completion Date due to any actual or anticipatory breach by the Vendors of the New SSA or the Employment Agreement, all of the Purchaser's payment obligations to the Vendors under the New SSA (including in respect of any portion of the Purchase Consideration yet to be paid) shall, notwithstanding that Completion has taken place, cease upon the effective termination of the New SSA. Any provision and obligation of the Parties relating to or governing their acts, which expressly or by its nature survives such termination, shall be enforceable with full force and effect notwithstanding such termination, until it is satisfied or by its nature expires.
14.	Schedule 2	<p>Vendors' Obligations</p> <p>The Vendors shall, inter alia, on the Completion Date, deliver, procure the delivery of, or make available to the Purchaser, the following documents:</p> <ul style="list-style-type: none"> (i) TGS's letter of resignation as a director of Ittify, resigning from office as director and acknowledging that he has no claim whatsoever against Ittify (whether for compensation for loss of office or otherwise) with effect from the Completion Date; (ii) the duly signed and dated resolution of the board of directors of Ittify (to be dated as at the Completion Date) revoking TGS's authority to co-sign, authorise and/or operate, as the case may be, Ittify's bank accounts; and (iii) a copy of the duly signed Employment Agreement.