

SINO HUA-AN INTERNATIONAL BERHAD (“Hua-An”)

SOFTWARE LICENCE AND SERVICE AGREEMENT BETWEEN TOUCHPOINT INTERNATIONAL SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF HUA-AN AND TECHNISCHE INVESTMENT (PTY) LIMITED

1. INTRODUCTION

The Board of Directors of Hua-An wishes to announce that Touchpoint International Sdn. Bhd. (“**TPI**”), a wholly-owned subsidiary of Hua-An had on 15 September 2020 entered into a Software Licence and Service Agreement (“**Agreement**”) with Technische Investment (PTY) Limited (“**Snappistore**”) for the use and commercialization of the proposed mobile app called SnappiStore App (“**SSA**”).

(TPI and Snappistore are collectively referred to as the “**Parties**” and “**Party**” refers to any one (1) of them, as the context may require)

Further details on the Agreement are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PARTIES TO THE AGREEMENT

2.1 TPI

TPI is a private limited company incorporated in Malaysia on 11 March 2014 having its registered address at Suite 6.1, Work @ Clearwater, Jalan Changkat Semantan, Bukit Damansara, 50490 Kuala Lumpur.

TPI is principally involved in the research, development and providing professional services related to Enterprise Mobile Applications and Smart City platform and ecosystem enablement, including conducting businesses in Payment, Loyalty, e-Wallet, Analytics and others services. TPI is also a software development company that developed the MSquared mobile application platform that is used by TPI in Malaysia.

2.2 Snappistore

Snappistore is a limited liability private company under the laws of the Republic of South Africa having its registered address at 299 Gazania Avenue, Boschenmeer Golf Estate, Paarl, 7646, Republic of South Africa.

Snappistore is an investment holding company with an interest in the online marketplace business operating in South Africa, providing online ordering services, payment processing services and delivery services.

2.3 SSA

The SSA is the proposed mobile app that will be developed by TPI for Snappistore in the Republic of South Africa which is a white labelled version of the M Squared platform that is used by TPI in Malaysia.

It is comprised of the: (i) consumer mobile app; (ii) merchant mobile app; and (iii) back end system.

It will have the specific software modules specified as follows (“**Software Modules**”):-

No.	Feature/Module	Description
1.	Merchant Mobile e-Commerce Platform	Provide non-food and beverage Merchants with business listing, profile, product listing, online ordering, online payment processing, delivery, Merchant SSA access and reporting.
2.	Food Ordering and Delivery	Provides Merchants with business listing, profile, product listing, online ordering, online payment processing, delivery, Merchant SSA access and reporting.
3.	e-Wallet	Provide Snappistore and Merchants with multi-tenancy supported e-Wallet system, including modules for the issuance of e-Wallet value, redemption, account statement and report generation, and dashboard.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Cooperation

- (a) Snappistore and TPI agree to enter into this cooperation arrangement with each other relating to the use and commercialization of the SSA on the terms and conditions as stipulated in the Agreement.
- (b) The Parties will work together to develop this relationship for long term best results. Among other things, this will include TPI providing the SSA platform (with the Software Modules) to Snappistore and includes providing Snappistore with a business model, consultation services, technical support, system administration, as well as training to Snappistore staff.

3.2 Exclusivity

TPI agrees that Snappistore shall be the sole and exclusive licensee in the Republic of South Africa during the term of the Agreement.

3.3 Term

- (a) The Agreement shall be valid for 5 (five) years starting from the Go-Live Date (as defined in the Agreement) which shall be no later than 30 days from the date of the Agreement unless terminated earlier in accordance herewith (“**Term**”).

- (b) At the end of the Term, TPI and Snappistore can agree for TPI to continue to provide the Services (as defined in the Agreement) and maintenance of the SSA platform to Snappistore on a yearly renewal basis.
- (c) Notwithstanding Paragraph 3.3 (b) of this announcement, at the conclusion of the Term, TPI will hand over the latest in-production source code version of SSA to Snappistore.
- (d) In the event of a sale or listing of Snappistore's business during the Term, TPI will release the perpetual license and production system source code in respect of the SSA to Snappistore in return for a one-time payment as set out in Schedule 2 of the Agreement.
- (e) If the Agreement shall be terminated before the end of the Term, for any reason other than as stated in paragraph 3.3(d) of this announcement but save for any termination of the Agreement by Snappistore as a result of a breach of the Agreement by TPI, TPI shall not be required to provide the perpetual license and source code to Snappistore.

3.4 Financial Arrangements

- (a) Snappistore will pay the following to TPI starting from the Go-Live Date until the end of the Term:
 - (i) A revenue share of 2.5% of total Revenue generated by Snappistore; and
 - (ii) A monthly revenue share of 7.5 % of total Revenue generated by Snappisavings;(collectively referred to as the "**Revenue Share**").
- (iii) In the event of the sale or listing of Snappistore prior to the expiration of the Term, a one-time payment of the balance amounting to USD 500,000.00 minus the Revenue Share received up until sale or listing of Snappistore.
- (b) Payment in respect of the Revenue Share shall be on a monthly basis.
- (c) The definition of "Revenue" shall be the gross income charged by Snappistore to its merchants and partners for the listing and transactions carried out on SSA, and any ancillary charges relating to the above.
- (d) All fees and charges are exclusive of all applicable federal, provincial, state, local or other governmental taxes, withholding tax, fees or charges (collectively, "**Taxes**"). Snappistore is responsible for paying all Taxes associated with purchases made by under the Agreement, except when TPI is legally obliged to pay or collect Taxes for which Snappistore is responsible.

- (e) Other incidental cost for additional developments undertaken within the framework of the Agreement such as customization, change request, integration with 3rd party system, custom software development etc will be jointly decided upon by the Parties.

3.5 Termination

- (a) The Parties shall endeavour, in good faith, to resolve any dispute through negotiations. If the Parties fail to resolve a dispute within a reasonable time (such reasonable time being 30 business days), each Party shall nominate a senior officer or officers of its management to meet at any mutually agreed location to resolve the dispute.
- (b) If the Parties are unable to resolve the dispute within 20 business days (or such period as the Parties shall otherwise agree) through these face-to-face negotiations, then any such dispute shall be resolved in the following manner.
- (c) In the event that either Party fails to fulfill any of its obligations arising herein, and if such breach has not been remedied within 60 (sixty) calendar days from the written notice of such breach, the Agreement may be terminated immediately by the non-breaching Party.
- (d) Surviving provisions as stated in the Agreement will survive any termination or expiration of the Agreement.

4. RATIONALE

Pursuant to the Agreement, Hua-An through its wholly-owned subsidiary TPI, will be able to gain a footprint in South Africa, in line with its overall strategy to establish its presence in the international scene. This will enable Hua-An to further expand its revenue and profit sources, moving forward.

5. FINANCIAL EFFECTS

The execution of the Agreement is not expected to have any material effect on the earnings, net assets, gearing, share capital and substantial shareholders' shareholding of Hua-An. However, the Board believes that the Agreement will contribute positively to Hua-An Group future earnings.

6. RISK FACTORS

The Company does not expect any material risk arising from the Agreement other than the normal operational risk associated with the Agreement, which Hua-An would take appropriate measures to minimise it.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of Hua-An and/or person connected to them have any interest, either direct or indirect, in the Agreement.

8. APPROVAL REQUIRED

The Agreement is not subject to the approval of the shareholders of Hua-An and/or approval from any regulatory authority.

9. DIRECTORS' STATEMENT

The Board of Directors of Hua-An, having considered all aspect of the Agreement, is of the opinion that the execution of the Agreement is in the best interests of Hua-An Group.

10. DOCUMENT AVAILABLE FOR INSPECTION

The Agreement is available for inspection at the registered office of Hua-An at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 17 September 2020.