



ASX Announcement

7 December 2017

## OTI secures option to acquire eGrowcery

- eGrowcery is a rapidly growing software business providing a turn-key online solution for supermarkets and grocers in Australia and USA
- Online grocery market is a fast-growing (20%+ year-on-year) sector expected to be worth \$US60 billion in the USA by 2021
- eGrowcery has secured channel partnerships with major USA wholesalers
- Option to acquire eGrowcery in an all scrip transaction with OTI to issue shares to eGrowcery shareholders
- eGrowcery has agreed to merge with Sherpa, a last mile goods delivery SaaS platform enabling efficient delivery of goods
- OTI will raise \$5 million to support the proposed eGrowcery acquisition

**Oriental Technologies Investment Limited** (“OTI” or the “Company”) (ASX: OTI) is pleased to announce that the Company has secured an option agreement (“the Option”) to acquire the business of eGrowcery. eGrowcery is the trading name of NoQ, Inc.

OTI has invested AUD \$150,000 into eGrowcery’s Series-A Fundraising, and in return eGrowcery has granted OTI an exclusive 6-month option to acquire the business at a valuation of AUD \$17,000,000 in an all-scrip transaction which is following the completion of the Series-A Fundraising. A capital-raising of \$5 million by OTI and the merger of Sherpa Pty Ltd (“Sherpa”) are also proposed.

If OTI elects to exercise the purchase option the proposed transaction would be a significant change in the nature and scale of the Company’s activities. Under Chapter 11 of the ASX Listing Rules, OTI will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules and seek shareholder approval to complete the transaction. The ASX under Listing Rule 11.1.2 or 11.1.3 will require OTI to re-comply and seek shareholder approval prior to exercising the purchase option. Furthermore, eGrowcery would be required to obtain shareholder approval, which will be required to complete the transaction.

In addition, eGrowcery has agreed to merge with Sherpa, which operates a last-mile goods delivery SaaS platform enabling the movement and delivery of goods via independent contracted couriers. The



Sherpa solution is available in Australia's major cities including Sydney, Melbourne, Brisbane and other urban and metropolitan areas.

#### **Potential Acquisition Transaction**

If the option is exercised the following shares will be issued:

- In consideration for the acquisition of 100% of eGrowcery, OTI will issue 85,000,000 fully paid shares in OTI (on a post-consolidation basis at \$0.20/share) to eGrowcery's shareholders.

#### **Capital Raising**

If the option is exercised, OTI proposes a capital raising of \$5 million via the issue of new shares in OTI. A prospectus will need to be issued and the capital raising will be subject to ASX approval.

#### **Share Consolidation**

If the option is exercised and subject to shareholder approval, OTI will consolidate its share capital on an indicative basis of 15 to 1 to \$0.20/share as per the capital structure below.

#### **About eGrowcery**

eGrowcery presents an exciting opportunity for OTI to participate in the rapidly growing market for online grocery sales. eGrowcery offers Software as a Service ("SaaS") to independent grocery retailers allowing the retailer to operate a turnkey online retail store using the eGrowcery software platform.

eGrowcery was founded in Adelaide in 2011 and having developed a robust scalable platform the company has prioritised its go-to-market efforts towards the United States. eGrowcery has secured several important channel partnerships with major grocery wholesalers. eGrowcery will be the only company capable of offering a complete, turn-key, state-of-the-art, omni-channel solution inclusive of e-commerce, logistics, fleet management, delivery, point-of-sale, digital promotion and loyalty services in the market.

This international cloud-based offering will empower brick-and-mortar retailers to not only cost-effectively compete against the major Tier 1 retailers including Kroger, Costco, Walmart, Coles and Woolworths but also compete against pure-play dot-com disrupters like Amazon, Alibaba and the personal shopper dot-com plays such as Instacart and Shipt.

Further information on eGrowcery can be found on its website which is [www.egrowcery.com](http://www.egrowcery.com)

#### **About Sherpa**

Sherpa is a technology company that has transformed the way goods move around the city, providing same-day and last-mile logistics solutions 7 days per week. Sherpa's Uber-style solution offers unprecedented flexibility for businesses through its extensive fleet of drivers, intuitive delivery / fleet management tools and booking platform. Sherpa is leading the market in Australia with its 'on-demand' service offering and soon will introduce 'fleet' management which will be seamlessly integrated into the eGrowcery platform.

Further information on Sherpa can be found on its website which is [www.sherpa.net.au](http://www.sherpa.net.au)

### Failure by OTI to Exercise the Option to acquire eGrowcery

If OTI shareholders vote not to approve the acquisition of eGrowcery or if the OTI board elects not to exercise the option to acquire eGrowcery then OTI will still retain its investment of ordinary fully-paid shares in eGrowcery acquired through its investment in eGrowcery's Series-A Fund Raising.

### Proposed Board Changes

It is proposed the following directors will join the board of OTI as part of the transaction;

Board	Summary
<b>Alan Young</b> Non-Executive Director	Mr Alan Young is the Founder and Joint Managing Director of Baker Young Stockbrokers. Alan is heavily involved in a number of South Australian owned businesses across a range of industries. In 2009 he was awarded an order of Australia Medal for service to the community primarily around funding for the health industry.
<b>Paul Vlastic</b> Non-Executive Director	Mr Paul Vlastic is Managing Director of RSVP Ventures, a VC fund focusing on direct investments in early-stage companies. Through RSVP, Paul serves as Chairman of Amplifinity, a marketing software company, and he sits on the boards of Biovigil and Mahalo Spirits Group. In addition to his venture capital roles, Paul is also active in private equity investment through Vlastic Investments.

### Indicative Capital Structure

If the option is exercised and the transaction proceeds as expected, the indicative capital structure of the Company at completion will be (post-consolidation):

Item	Valuation (\$AUD)	Shares (Post consolidation)	Percent
Oriental Technologies Investment Ltd (pre-consolidation)		139,361,087	
Oriental Technologies Investment Ltd shareholders (post-consolidation to \$0.20)	1,811,694	9,058,471	8%
eGrowcery shareholders	17,000,000	85,000,000	71%
New investors	5,000,000	25,000,000	21%
<b>Total</b>	<b>23,811,694</b>	<b>119,058,471</b>	<b>100%</b>

OTI expects to announce further details regarding this proposed transaction shortly.

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