

## SINO HUA-AN INTERNATIONAL BERHAD ("SHIB" OR "COMPANY")

- (i) **PROPOSED DEBT SETTLEMENT**
  - (ii) **PROPOSED PRIVATE PLACEMENT**
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### 1. INTRODUCTION

On behalf of the Board of Directors of SHIB ("**Board**"), M&A Securities Sdn Bhd ("**M&A Securities**") wishes to announce that the Company is proposing to undertake the following:

- (i) proposed settlement of an aggregate amount of RM3.5 million debt owing to creditors ("**Creditors Settlement Amount**"), namely, Chan Kok San ("**CKS**"), Jaleeludeen Bin Abu Baker ("**JAB**") and Ong Sing Eng ("**OSE**") (collectively referred to as "**Creditors**" or each a "**Creditor**") by the Company and/or its subsidiary, via the issuance of 55,643,880 new ordinary shares in SHIB ("**SHIB Share(s)**" or "**Share(s)**") ("**Creditors Settlement Share(s)**"), representing approximately 4.96% of the total number of issued Shares (excluding treasury shares, if any) ("**Proposed Creditors Debt Settlement**");
  - (ii) proposed settlement of an aggregate RM2.1 million amount owing to Advance Opportunities Fund ("**AOF**") and Advance Opportunities Fund I ("**AOF I**") by the Company, via the issuance of up to 33,386,328 new ordinary shares in SHIB, representing approximately 2.97% of the total number of issued Shares (excluding treasury shares, if any) ("**Proposed AOF And AOF I Settlement**"); and
- ((i) and (ii) collectively referred to as the "**Proposed Debt Settlement**")
- (iii) proposed private placement of up to 135,431,300 new Shares ("**Placement Share(s)**"), representing approximately 12.07% of the Company's total number of issued Shares (excluding treasury shares, if any) ("**Proposed Private Placement**").

((i), (ii) and (iii) collectively referred to as the "**Proposals**")

The Proposals will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("**Act**") based on the limit prescribed under Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") ("**General Mandate Limit**"). In line with the 'Additional Temporary Relief Measures To Listed Issuers' announced by Bursa Securities on 16 April 2020, Bursa Securities has increased the General Mandate Limit from 10% to 20% of the total issued shares (excluding treasury shares) of company listed in the Main Market of Bursa Securities ("**Listed Issuer**") ("**20% General Mandate**") provided that the following are being complied with:

- (a) the Listed Issuer procures its shareholder approval for the 20% General Mandate at a general meeting;
- (b) the Listed Issuers complies with all the relevant applicable legal requirements, including its constitution or relevant constituent document; and
- (c) in addition to the existing disclosure required in the statement accompanying the proposed resolution under Paragraph 6.03(3) of the MMLR, the Listed Issuer must also disclose the views from its board of directors' that the 20% General Mandate is in the best interest of the Listed Issuer and its shareholders, as well as the basis for such views.

The Company had obtained the general mandate from its shareholders at its 13th Annual General Meeting ("**AGM**") convened on 24 May 2019, to authorise the Board to allot and issue new ordinary shares in SHIB not exceeding 10% of the total issued shares of the Company ("**Current Shareholders' Mandate**"). Therefore, any issuance of Shares exceeding 10% pursuant to the Proposals will only be made after the renewal of the Current Shareholders' Mandate to the 20% General Mandate at the forthcoming AGM of the Company to be convened ("**New Shareholders' Mandate**").

## 2. DETAILS OF THE PROPOSED DEBT SETTLEMENT

### 2.1 Details of the Proposed Creditors Debt Settlement

On 21 April 2020, the Company has entered into 3 settlement agreements with each of the Creditor respectively, to settle the Creditors Settlement Amount owing by the Company and/or its subsidiary to the Creditors based on the cut-off date as at 20 April 2020, via the issuance of the Creditors Settlement Shares at an issue price of RM0.0629 per Creditors Settlement Share ("**Creditors Settlement Issue Price**") ("**Creditors Settlement Agreement(s)**").

The details of the Creditors Settlement Amount owing to each Creditor and quantity of Creditors Settlement Shares to be received by each Creditor are as follow:-

<b>Creditor</b>	<b>Creditors Settlement Amount (RM)</b>	<b>Quantity of Creditors Settlement Shares To Be Received</b>
CKS	1,500,000	23,847,377
JAB	1,027,700	16,338,633
OSE	972,300	15,457,870
<b>Total</b>	<b>3,500,000</b>	<b>55,643,880</b>

#### 2.1.1 Information of CKS

CKS is a Malaysian aged 42.

CKS is neither:

- (i) an interested director or interested major shareholder of SHIB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

#### Details of the amount owing to CKS

Pursuant to the Creditors Settlement Agreement, SHIB shall pay the debt owing by the Company to CKS of RM1,500,000 based on the cut-off date as at 20 April 2020.

The details of the debt owing by the Company to CKS as at 20 April 2020 are as follows:

<b>Period</b>	<b>Purpose</b>	<b>Amount (RM)</b>
Period from 10 April 2020 to 20 April 2020	Working capital advances for SHIB and its subsidiaries (" <b>SHIB Group</b> " or " <b>Group</b> ")	1,500,000
	Interest portion	Nil
<b>Total</b>		<b>1,500,000</b>

### 2.1.2 Information of JAB

JAB is a Malaysian aged 49.

JAB is neither:

- (i) an interested director or interested major shareholder of SHIB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

#### **Details of the amount owing to JAB**

Pursuant to the Creditors Settlement Agreement, SHIB shall pay the debt owing by its subsidiary to JAB of RM1,027,700 based on the cut-off date as at 20 April 2020.

The details of the debt owing by the subsidiary of SHIB to JAB as at 20 April 2020 are as follows:

<b>Period</b>	<b>Purpose</b>	<b>Amount (RM)</b>
Period from 28 February 2020 to 20 April 2020	Working capital advances for the SHIB Group	1,027,700
	Interest portion	Nil
<b>Total</b>		<b>1,027,700</b>

### 2.1.3 Information of OSE

OSE is a Singaporean aged 49.

OSE is neither:

- (i) an interested director or interested major shareholder of SHIB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

#### **Details of the amount owing to OSE**

Pursuant to the Creditors Settlement Agreement, SHIB shall pay the debt owing by the Company to OSE of RM972,300 based on the cut-off date as at 20 April 2020.

The details of the debt owing by the Company to OSE as at 20 April 2020 are as follows:

<b>Period</b>	<b>Purpose</b>	<b>Amount (RM)</b>
Period from 3 July 2019 to 20 April 2020	Working capital advances for the SHIB Group	972,300
	Interest portion	Nil
<b>Total</b>		<b>972,300</b>

## **2.2 Salient terms of the Creditors Settlement Agreements**

### **2.2.1 Settlement agreement between the Company and CKS**

The Company had on 21 April 2020 entered into a settlement agreement with CKS for the settlement of a debt amounting to RM1,500,000 owing to CKS and the salient terms of the settlement agreement are set out below:-

#### *Issuance and allotment of Creditors Settlement Share(s)*

The debt shall be settled by way of issuance and allotment by the Company to CKS of 23,847,377 Creditors Settlement Shares at an agreed issue price of RM0.0629 per Creditors Settlement Share.

#### *Conditions Precedent*

The issuance and allotment of the Creditors Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent within 3 months from the date of the settlement agreement, amongst other, the approval of the Board for the issuance and allotment of the Creditors Settlement Share(s) and the approval in principle of Bursa Securities for the listing and quotation of the Creditors Settlement Share(s).

In the event the conditions precedent or any one of them is not fulfilled or satisfied within 3 months from the date of the settlement agreement or such other extended period as the parties may agree upon, then the settlement agreement shall be terminated and neither party shall have any claims against the other party in respect of the settlement agreement.

#### *Full Settlement*

Upon the issuance and allotment of the said Creditors Settlement Share(s), the said debt owing to CKS shall be deemed repaid or settled in full.

#### *Governing Law*

The settlement agreement is governed by the laws of Malaysia.

### **2.2.2 Settlement agreement between the Company and JAB**

The Company had on 21 April 2020 entered into a settlement agreement with JAB for the settlement of a debt amounting to RM1,027,700 owing by its wholly owned subsidiary namely Craveat International Sdn Bhd (formerly known as "Bistromalones (PJ) Sdn Bhd") to JAB and the salient terms of the settlement agreement are set out below:-

#### *Issuance and allotment of Creditors Settlement Share(s)*

The debt shall be settled by way of issuance and allotment by the Company to JAB of 16,338,633 Creditors Settlement Shares at an agreed issue price of RM0.0629 per Creditors Settlement Share.

#### *Conditions Precedent*

The issuance and allotment of the Creditors Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent within 3 months from the date of the settlement agreement, amongst other, the approval of the Board for the issuance and allotment of the Creditors Settlement Share(s) and the approval in principle of Bursa Securities for the listing and quotation of the Creditors Settlement Share(s).

In the event the conditions precedent or any one of them is not fulfilled or satisfied within 3 months from the date of the settlement agreement or such other extended period as the parties may agree upon, then the settlement agreement shall be terminated and neither party shall have any claims against the other party in respect of the settlement agreement.

#### Full Settlement

Upon the issuance and allotment of the said Creditors Settlement Share(s), the said debt owing to JAB shall be deemed repaid or settled in full.

#### Governing Law

The settlement agreement is governed by the laws of Malaysia.

### **2.2.3 Settlement agreement between the Company and OSE**

The Company had on 21 April 2020 entered into a settlement agreement with OSE for the settlement of a debt amounting to RM972,300 owing to OSE and the salient terms of the settlement agreement are set out below:-

#### Issuance and allotment of Creditors Settlement Share(s)

The debt shall be settled by way of issuance and allotment by the Company to OSE of 15,457,870 Creditors Settlement Shares at an agreed issue price of RM0.0629 per Creditors Settlement Share.

#### Conditions Precedent

The issuance and allotment of the Creditors Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent within 3 months from the date of the settlement agreement, amongst other, the approval of the Board for the issuance and allotment of the Creditors Settlement Share(s) and the approval in principle of Bursa Securities for the listing and quotation of the Creditors Settlement Share(s).

In the event the conditions precedent or any one of them is not fulfilled or satisfied within 3 months from the date of the settlement agreement or such other extended period as the parties may agree upon, then the settlement agreement shall be terminated and neither party shall have any claims against the other party in respect of the settlement agreement.

#### Full Settlement

Upon the issuance and allotment of the said Creditors Settlement Share(s), the said debt owing to OSE shall be deemed repaid or settled in full.

#### Governing Law

The settlement agreement is governed by the laws of Malaysia.

### **2.3 Details of the Proposed AOF and AOF I Settlement**

On 21 April 2020, the Company has entered into the following agreements:

- (i) settlement agreement with AOF for the settlement of RM1,575,000 amount owing by the Company to AOF ("**AOF Settlement Amount**") via the issuance of up to 25,039,746 Shares ("**AOF Settlement Share(s)**") ("**AOF Settlement Agreement**") ("**Proposed AOF Settlement**"); and

- (ii) settlement agreement with AOF I for the settlement of RM525,000 amount owing by the Company to AOF I ("**AOF I Settlement Amount**") via the issuance of up to 8,346,582 Shares ("**AOF I Settlement Share(s)**") ("**AOF I Settlement Agreement**") ("**Proposed AOF I Settlement**").

The Proposed AOF Settlement and the Proposed AOF I Settlement shall each be implemented by way of the issuance of multiple tranches of AOF Settlement Share(s) or AOF I Settlement Share(s) (as the case may be) within 6 months from the date of approval of Bursa Securities for the listing and quotation of the AOF Settlement Shares and AOF I Settlement Shares.

The amount equivalent to the aggregate value of such AOF Settlement Shares and AOF I Settlement Shares issued (being the issue price multiplied by the number of Shares received) shall be extinguished from the AOF Settlement Amount and AOF I Settlement Amount, respectively.

The issue price of each tranche of the AOF Settlement Shares and AOF I Settlement Shares, where applicable, is not fixed upfront and shall be determined in the manner set out in Section 2.5.2 of this announcement. Therefore, the actual number of AOF Settlement Shares and AOF I Settlement Shares to be issued pursuant to the Proposed AOF Settlement and Proposed AOF I Settlement, respectively, will be subject to the issue price at the point of implementation of the Proposed AOF And AOF I Settlement. In any case, the AOF Settlement Shares and AOF I Settlement Shares shall not exceed 25,039,746 Shares and 8,346,582 Shares, respectively.

In the event:-

- (a) where the AOF Settlement Amount and/or AOF I Settlement Amount is fully extinguished prior to the full issuance of the AOF Settlement Shares and/or AOF I Settlement Shares, respectively, no further issuance of the balance of the AOF Settlement Shares and/or AOF I Settlement Shares shall be made; or
- (b) where the AOF Settlement Shares and/or AOF I Settlement Shares are fully issued and allotted to AOF and/or AOF I, respectively, and the AOF Settlement Amount and/or the AOF I Settlement Amount are not fully extinguished, the balance settlement amount shall be settled in the manner as the Company may mutually agree upon with AOF and/or AOF I.

Upon the occurrence of the event under (a) or (b) above, whichever is earlier, the Proposed AOF Settlement and Proposed AOF I Settlement shall be deemed completed.

### **2.3.1 Information of AOF**

AOF (CT 168559) is a company incorporated under the Companies Law (2018 Revision) of Cayman Islands. B.W.I as an exempted company with limited liability and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2861, Grand Cayman KY1-1111 Cayman Islands.

AOF manages its own funds and investment portfolios and invests in a variety of financial instruments including but not limited to investing in quoted securities through a private unlisted debt-to-equities convertible instrument such as redeemable convertible notes in Malaysia. AOF is also the subscriber of SHIB RCN (as defined under Section 6 of this announcement).

AOF is neither:

- (i) an interested major shareholder of SHIB; nor

- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

None of the shareholders or directors of AOF are:

- (i) an interested director or interested major shareholder of SHIB; or
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

#### **Details of the amount owing to AOF**

AOF is a registered holder of the SHIB RCN with a nominal value of RM4.0 million. The Company had on 21 April 2020 issued a notice of repurchase to AOF whereby the Company intends to exercise its rights under the SHIB RCN's trust deed to repurchase a portion of the outstanding SHIB RCN held by AOF with principal nominal amount of RM1,500,000 from AOF at a 5% premium or RM75,000 ("**AOF RCN Repurchase**"). In connection thereto, the Company and AOF have agreed to enter into the AOF Settlement Agreement for the settlement of the RM1,575,000 due from the AOF RCN Repurchase, the details of which are as follow:

<b>Period</b>	<b>Purpose</b>	<b>Amount (RM)</b>
21 April 2020	SHIB RCN principal nominal amount due to AOF in relation to AOF RCN Repurchase	1,500,000
	5% redemption premium	75,000
<b>Total</b>		<b>1,575,000</b>

#### **2.3.2 Information of AOF I**

AOF I (CT 308364) is an open ended fund incorporated as an exempted company with limited liability under the Companies Law (2018 Revision) of Cayman Islands. B.W.I and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2861, Grand Cayman KY1-1111 Cayman Islands.

AOF I is currently managed by ZICO Asset Management Pte. Ltd., a holder of a capital markets services license who is licensed to conduct activities regulated under the Securities and Futures Act (Chapter 289), Singapore and has been appointed by AOF I to serve as the discretionary investment manager of all its investments.

AOF I invests in a variety of financial instruments including but not limited to investing in quoted securities through a private unlisted debt-to-equities convertible instrument such as redeemable convertible notes in Malaysia.

AOF I is neither:

- (i) an interested major shareholder of SHIB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

None of the shareholders or directors of AOF I are:

- (i) an interested director or interested major shareholder of SHIB; or
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

#### **Details of the amount owing to AOF I**

AOF I is a registered holder of the SHIB RCN with a nominal value of RM1.0 million. The Company had on 21 April 2020 issued a notice of repurchase to AOF I whereby the Company intends to exercise its rights under the SHIB RCN's trust deed to repurchase a portion of the outstanding SHIB RCN held by AOF I with principal nominal amount of RM500,000 from AOF I at a 5% premium or RM25,000 ("**AOF I RCN Repurchase**"). In connection thereto, the Company and AOF I have agreed to enter into the AOF I Settlement Agreement for the settlement of the RM525,000 due from the AOF I RCN Repurchase, the details of which are as follow:

<b>Period</b>	<b>Purpose</b>	<b>Amount (RM)</b>
21 April 2020	SHIB RCN principal nominal amount due to AOF I in relation to AOF I RCN Repurchase	500,000
	5% redemption premium	25,000
<b>Total</b>		<b>525,000</b>

## **2.4 Salient terms of the AOF Settlement Agreement and AOF I Settlement Agreement**

### **2.4.1 AOF Settlement Agreement**

The Company had on 21 April 2020 entered into the AOF Debt Settlement Agreement for the settlement of the AOF Settlement Amount and the salient terms of the AOF Debt Settlement Agreement are set out below:-

#### **Issuance and allotment of AOF Settlement Share(s)**

Subject to the terms and conditions of the AOF Debt Settlement Agreement, the AOF Settlement Amount shall be settled by way of issuance and allotment by the Company to AOF of up to 25,039,746 AOF Settlement Share(s) in multiple tranches with the denomination per tranche to be solely determined by AOF. The issue price of each tranche of the AOF Settlement Shares shall be determined and fixed at a later date at approximately 90% of the 5D-VWAMP (as defined below) immediately preceding the price fixing date(s).

AOF shall have the discretion to, at any time within 6 months from the date of approval of Bursa Securities for the listing and quotation of the AOF Settlement Shares or such other period as may be agreed upon by the parties, request the Company in writing to issue any number of tranches of AOF Settlement Shares ("**Request Period**").

AOF Settlement Shares shall upon issuance and allotment, rank pari passu in all respects with the other ordinary shares of the Company, save and except that the AOF Settlement Shares shall not be entitled to any dividends or distributions as may be declared by the Company, the entitlement date of which precedes the date of issuance and allotment of such AOF Settlement Shares.



### Conditions Precedent

The issuance and allotment of the AOF Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent within 3 months from the date of the AOF Debt Settlement Agreement, amongst other, the approval of the Board for the issuance and allotment of the AOF Settlement Share(s), the Current Shareholders' Mandate being valid and in force until its expiry, the New Shareholders' Mandate upon the expiry of the Current Shareholder's Mandate and the approval in principle of Bursa Securities for the listing and quotation of the AOF Settlement Share(s).

In the event where:-

- (a) any of the conditions precedent is not fulfilled or satisfied within 3 months from the date of the AOF Settlement Agreement or such other extended period as the parties may agree upon;
- (b) the Company fails to issue any part of the AOF Settlement Share(s) within 3 working days and an extension of 1 working day, if required, upon request by AOF in writing within the Request Period; or
- (c) any part of the AOF Settlement Amount remains outstanding upon the expiry of the Request Period,

then the Company shall immediately give notice to AOF and both parties shall deliberate and negotiate on the new settlement terms for any part of the AOF Settlement Amount provided that such new settlement terms shall be without derogation to AOF's rights in relation to:-

- (i) the quantum of the outstanding AOF Settlement Amount; and
- (ii) the issue price of any AOF Settlement Share(s) issues in settlement of any AOF Settlement Amount.

In the event where the Company fails to pay any part of the AOF Settlement Amount in accordance to the agreed new settlement terms, the Company shall pay AOF the outstanding AOF Settlement Amount in cash on demand and the failure to pay within 7 days from demand shall attract a default interest of 15% per annum.

### Full Settlement

The issuance and allotment of AOF Settlement Share(s) shall be carried out in accordance to the AOF Debt Settlement Agreement whereupon the subscription price of the AOF Settlement Share(s) for the respective tranches shall offset against the respective portion of the AOF Settlement Amount.

In the event:-

- (a) where the AOF Settlement Amount is fully extinguished prior to the full issuance of the AOF Settlement Share(s), the balance of AOF Settlement Share(s) shall not be issued to AOF; or
- (b) where the AOF Settlement Share(s) are fully issued and allotted to AOF and the AOF Settlement Amount is not fully extinguished upon the expiry of the Request Period, the balance AOF Settlement Amount shall be settled in the manner as the parties may mutually agree upon.

Upon the occurrence of the event under (a) or (b) above, whichever is earlier, the Proposed AOF Debt Settlement shall be deemed completed.

Governing Law

The AOF Debt Settlement Agreement is governed by the laws of Malaysia.

**2.4.2 AOF I Settlement Agreement**

The Company had on 21 April 2020 entered into the AOF I Debt Settlement Agreement for the settlement of the AOF I Settlement Amount and the salient terms of the AOF I Debt Settlement Agreement are set out below:-

Issuance and allotment of AOF I Settlement Share(s)

Subject to the terms and conditions of the AOF I Debt Settlement Agreement, the AOF I Settlement Amount shall be settled by way of issuance and allotment by the Company to AOF I of up to 8,346,582 AOF I Settlement Share(s) in multiple tranches with the denomination per tranche to be solely determined by AOF I. The issue price of each tranche of the AOF I Settlement Shares shall be determined and fixed at a later date at approximately 90% of the 5D-VWAMP (as defined below) immediately preceding the price fixing date(s).

AOF I shall have the discretion to, at any time within the Request Period, request the Company in writing to issue any number of tranches of AOF I Settlement Shares.

AOF I Settlement Shares shall upon issuance and allotment, rank pari passu in all respects with the other ordinary shares of the Company, save and except that the AOF I Settlement Shares shall not be entitled to any dividends or distributions as may be declared by the Company, the entitlement date of which precedes the date of issuance and allotment of such AOF I Settlement Shares.

Conditions Precedent

The issuance and allotment of the AOF I Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent within 3 months from the date of the AOF I Debt Settlement Agreement, amongst other, the approval of the Board for the issuance and allotment of the AOF I Settlement Share(s), the Current Shareholders' Mandate being valid and in force until its expiry, the New Shareholders' Mandate upon the expiry of the Current Shareholder's Mandate and the approval in principle of Bursa Securities for the listing and quotation of the AOF I Settlement Share(s).

In the event where:-

- (a) any of the conditions precedent is not fulfilled or satisfied within 3 months from the date of the AOF I Settlement Agreement or such other extended period as the parties may agree upon;
- (b) the Company fails to issue any part of the AOF I Settlement Share(s) within 3 working days and an extension of 1 working day, if required, upon request by AOF I in writing within the Request Period; or
- (c) any part of the AOF I Settlement Amount remains outstanding upon the expiry of the Request Period,

then the Company shall immediately give notice to AOF I and both parties shall deliberate and negotiate on the new settlement terms for any part of the AOF I Settlement Amount

provided that such new settlement terms shall be without derogation to AOF I's rights in relation to:-

- (i) the quantum of the outstanding AOF I Settlement Amount; and
- (ii) the issue price of any AOF I Settlement Share(s) issues in settlement of any AOF I Settlement Amount.

In the event where the Company fails to pay any part of the AOF I Settlement Amount in accordance to the agreed new settlement terms, the Company shall pay AOF I the outstanding AOF I Settlement Amount in cash on demand and the failure to pay within 7 days from demand shall attract a default interest of 15% per annum.

#### Full Settlement

The issuance and allotment of AOF I Settlement Share(s) shall be carried out in accordance to the AOF I Debt Settlement Agreement whereupon the subscription price of the AOF I Settlement Share(s) for the respective tranches shall offset against the respective portion of the AOF I Settlement Amount.

In the event:-

- (a) where the AOF I Settlement Amount is fully extinguished prior to the full issuance of the AOF I Settlement Share(s), the balance of AOF I Settlement Share(s) shall not be issued to AOF I; or
- (b) where the AOF I Settlement Share(s) are fully issued and allotted to AOF I and the AOF I Settlement Amount is not fully extinguished upon the expiry of the Request Period, the balance AOF I Settlement Amount shall be settled in the manner as the parties may mutually agree upon.

Upon the occurrence of the event under (a) or (b) above, whichever is earlier, the Proposed AOF I Debt Settlement shall be deemed completed.

#### Governing Law

The AOF I Debt Settlement Agreement is governed by the laws of Malaysia.

## **2.5 BASIS OF ARRIVING AT THE ISSUE PRICE FOR THE PROPOSED DEBT SETTLEMENT**

- 2.5.1 The Creditors Settlement Issue Price has been fixed by the Board at RM0.0629, after taking into consideration the discount of approximately 9.89% to the five-day volume weighted average market price ("**5D-VWAMP**") of SHIB Shares up to and including 20 April 2020, being the last trading day immediately preceding the date of this announcement, of approximately RM0.0698.
- 2.5.2 The issue price of each tranche of the AOF Settlement Shares and AOF I Settlement Shares, where applicable, shall be determined separately and fixed by the Board at a later date taking into consideration the prevailing market conditions and the provisions of Paragraph 6.04(a) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), at a discount of approximately 10% to the 5D-VWAMP immediately preceding the price fixing date(s) ("**AOF Settlement Issue Price**"). The mechanism to determine the AOF Settlement Issue Price will be in accordance with market-based principles.

For illustration purpose, the AOF Settlement Issue Price is assumed to be RM0.0629 each

("Indicative AOF Settlement Issue Price"). The Indicative AOF Settlement Issue Price represents a discount of approximately 9.89% to the 5D-VWAMP of SHIB Shares for the 5 market days up to 20 April 2020 of RM0.0698.

The Board is of the opinion that the Creditors Settlement Issue Price and the AOF Settlement Issue Price are reasonable after taking into account the above factors.

## **2.6 RANKING OF THE CREDITORS SETTLEMENT SHARES, AOF SETTLEMENT SHARES AND AOF I SETTLEMENT SHARES**

The Creditors Settlement Shares, AOF Settlement Shares and AOF I Settlement Shares shall, upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that the Creditors Settlement Shares, AOF Settlement Shares and AOF I Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Creditors Settlement Shares, AOF Settlement Shares and AOF I Settlement Shares.

## **2.7 LISTING OF AND QUOTATION FOR THE CREDITORS SETTLEMENT SHARES, AOF SETTLEMENT SHARES AND AOF I SETTLEMENT SHARES**

An application will be made to Bursa Securities for the listing of and quotation for the Creditors Settlement Shares, AOF Settlement Shares and AOF I Settlement Shares to be issued under the Proposed Debt Settlement on the Main Market of Bursa Securities.

## **2.8 UTILISATION OF PROCEEDS**

The Creditors Settlement Shares, AOF Settlement Shares and AOF I Settlement Shares are issued as settlement of the amount owing to the Creditors, AOF and AOF I, respectively. As such, there will not be any gross proceeds raised from the issuance.

## **3.0 DETAILS OF THE PROPOSED PRIVATE PLACEMENT**

As at 20 April 2020, being the latest practicable date prior to the date of this announcement ("LPD"), SHIB has an issued share capital of RM1,115,044,734 comprising 1,122,307,817 Shares. In addition, SHIB also has the SHIB RCN currently outstanding and to be issued:

<b>Convertible</b>	<b>Units</b>	<b>Amount (RM)</b>	<b>Status</b>
SHIB RCN	RM	*5,000,000	Outstanding
SHIB RCN	RM	145,000,000	To be issued in tranches

\* Inclusive of the AOF RCN Repurchase and AOF I RCN Repurchase principal nominal amount of RM1,500,000 and RM500,000 respectively.

The Proposed Private Placement entails the issuance of up to 135,431,300 Placement Shares, representing approximately 12.07% of the Company's total number of issued Shares (excluding treasury shares, if any) after taking into consideration the following:

- (i) the New Shareholders' Mandate;
- (ii) the existing issued shares of SHIB as at LPD of 1,122,307,817 Shares; and
- (iii) the aggregate 89,030,208 amount of Creditors Settlement Shares, AOF Settlement Shares and AOF I Settlement Shares to be issued pursuant to the Proposed Debt Settlement.

For avoidance of doubt, the number of Placement Shares to be issued under the Proposed

Private Placement will not be affected by any increase in the issued share capital of the Company arising from the conversion of the SHIB RCN, if any, by the respective SHIB RCN holders.

### **3.1 Basis of arriving at the issue price of the Placement Shares**

The Proposed Private Placement may be implemented in multiple tranches, if required, within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement, or any extended period as may be approved by Bursa Securities which is subject to prevailing market conditions and depending on investors' interest at the point of implementation.

The issue price of each tranche of the Placement Shares, where applicable, shall then be determined separately and fixed by the Board at a later date taking into consideration the prevailing market conditions and the provisions of Paragraph 6.04(a) of the Listing Requirements, at a discount of not more than 10% to the 5D-VWAMP immediately preceding the price fixing date(s) ("**Placement Price**"). The mechanism to determine the Placement Price will be in accordance with market-based principles.

For illustration purpose, the Placement Price is assumed to be RM0.0629 each ("**Indicative Placement Price**"). The Indicative Placement Price represents a discount of approximately 9.89% to the 5D-VWAMP of SHIB Shares for the 5 market days up to 20 April 2020 of RM0.0698.

### **3.2 Placement arrangement**

The Placement Shares are proposed to be placed to independent investor(s) ("**Placee(s)**") to be identified later. In accordance with Paragraph 6.04(c) of the Listing Requirements, the Placement Shares will not be placed to the following parties:-

- (a) the interested director, interested major shareholder or interested chief executive of SHIB or a holding company of SHIB ("**Interested Person**");
- (b) person(s) connected with the Interested Person; and
- (c) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Additionally, the Placees shall also be person(s) or party(ies) who/which qualify under Schedules 6 or 7 of the Capital Markets and Services Act 2007.

### **3.3 Ranking of the Placement Shares**

The Placement Shares, upon issuance and allotment, rank equally in all respects with the then existing issued Shares of SHIB, save and except that the holders of the Placement Shares shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid to the shareholders of the Company, for which the relevant entitlement date precedes the date of issuance of the Placement Shares.

### **3.4 Listing of and quotation for the Placement Shares**

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

### **3.5 Utilisation of proceeds**

For illustrative purposes, assuming up to 135,431,300 Placement Shares are issued at the Indicative Placement Price of RM0.0629 per Placement Share, the Proposed Private Placement is expected to raise total gross proceeds of approximately RM8.519 million. The proceeds

raised are expected to be utilised in the following manner:-

		<b>RM'000</b>	<b>Expected time frame for the utilisation of proceeds (from listing date)</b>
Working Capital	(a)	8,019	Within 12 months
Estimated expenses for the Proposals	(b)	500	Within 1 month
<b>Total estimated proceeds</b>		<b>8,519</b>	

**Notes:-**

- (a) The Company intends to utilise the proceeds earmarked for working capital requirements for its day-to-day operations. As the actual utilisation of these proceeds will depend on the prevailing operational needs of SHIB at the time when the proceeds are received, a further breakdown of the proposed utilisation of proceeds for working capital cannot be determined at this juncture. Nevertheless, these proceeds shall mainly be utilised for SHIB Group's administrative expenses such as staff salaries and overhead expenses, employer's statutory contributions, office administrative expenses and utilities expenses.
- (b) The estimated expenses of RM500,000 consist of fees payable to the relevant authority, advisers and placement fees. Any variation in the actual amount of expenses will be adjusted to/from the amount allocated for working capital of SHIB.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the actual number of Placement Shares to be issued and the Placement Price. Any excess or shortfall of the actual proceeds raised will be adjusted to/from the amount earmarked for the working capital.

Pending the full utilisation of the proceeds raised from the Proposed Private Placement, the Company intends to place these proceeds (including accrued interest, if any) or the balance thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the SHIB.

#### **4. RATIONALE OF THE PROPOSALS**

- 4.1 The purpose of the Proposed Debt Settlement is to settle the amount owing by the Company to the Creditors, AOF and AOF I.

After due consideration of the various options available, the Board is of the opinion that the Proposed Debt Settlement is an appropriate method to settle the Creditors Settlement Amount, AOF Settlement Amount and AOF I Settlement Amount in view that the Proposed Debt Settlement:

- (i) will enable the Company to settle the Creditors Settlement Amount, AOF Settlement Amount and AOF I Settlement Amount without incurring additional debt obligation/interest expenses by the SHIB;
- (ii) will enable the Company to strengthen its capital base;
- (iii) will further strengthen the Company's equity base as well as NA and gearing ratio of the Company as a result of the increase in the share capital of the Company; and

(iv) to preserve its cash for other purposes, such as working capital requirements.

- 4.2 The Board had considered various methods of fund raising and is of the opinion that the Proposed Private Placement is the most appropriate avenue of fund raising for SHIB to raise additional funds expeditiously to meet the purposes as stated in Section 3.5 of this announcement, without incurring financing costs associated with bank borrowings.

## 5. EFFECTS OF THE PROPOSALS

### 5.1 Share capital

The pro forma effects of the Proposals on the share capital of SHIB are as follows:

	No. of Shares (‘000)	RM (‘000)
As at LPD	1,122,308	1,115,045
To be issued pursuant to the Proposed Debt Settlement <sup>(1)(2)</sup>	89,030	5,600
<b>After the Proposed Debt Settlement</b>	<b>1,211,338</b>	<b>1,120,645</b>
To be issued pursuant to the Proposed Private Placement <sup>(3)</sup>	135,431	8,519
<b>After the Proposed Private Placement</b>	<b>1,346,769</b>	<b>1,129,164</b>

#### Notes:

- (1) Based on the issuance of 55,643,880 Creditors Settlement Shares at the Creditors Settlement Issue Price of RM0.0629 per share
- (2) Based on the issuance of 25,039,746 AOF Settlement Shares and 8,346,582 AOF I Settlement Shares at the Indicative AOF Settlement Issue Price of RM0.0629 per share
- (3) Based on the issuance of 135,431,300 Placement Shares at the Indicative Placement Price of RM0.0629 per share

### 5.2 Net Assets (“NA”) and gearing

Based on the audited consolidated balance sheet of SHIB as at 31 December 2018, the pro forma effects of the Proposals on the NA and gearing of the SHIB are as follows:

	(I)	(II)	(III)
	Audited as at 31 December 2018 RM’000	After Proposed Debt Settlement RM’000	After Proposed Private Placement RM’000
Share capital	1,115,045	<sup>(1)(2)</sup> 1,120,645	<sup>(3)</sup> 1,129,164
Reserves	(563,134)	(563,134)	(563,134)
Accumulated losses	(171,018)	(171,018)	<sup>(4)</sup> (171,518)
<b>Shareholders’ equity / NA</b>	<b>380,893</b>	<b>386,493</b>	<b>394,512</b>

	(I)	(II)	(III)
	Audited as at 31 December 2018	After Proposed Debt Settlement	After Proposed Private Placement
	RM'000	RM'000	RM'000
No. of ordinary shares in issue	1,122,308	<sup>(1)(2)</sup> 1,211,338	<sup>(3)</sup> 1,346,769
NA per Share (RM)	0.34	0.32	0.29
Total borrowings (Interest-bearing) (RM'000)	24,055	<sup>(5)</sup> 24,055	<sup>(5)</sup> 24,055
Gearing (times)	0.06	<sup>(5)</sup> 0.06	<sup>(5)</sup> 0.06

**Notes:**

- (1) Based on the issuance of 55,643,880 Creditors Settlement Shares at the Creditors Settlement Issue Price of RM0.0629 per share
- (2) Based on the issuance of 25,039,746 AOF Settlement Shares and 8,346,582 AOF I Settlement Shares at the Indicative AOF Settlement Issue Price of RM0.0629 per share
- (3) Based on the issuance of 135,431,300 Placement Shares at the Indicative Placement Price of RM0.0629 per share
- (4) After adjusted for the estimated expenses of RM500,000 for the Proposals
- (5) The Creditors Settlement Amount, AOF Settlement Amount and AOF I Settlement Amount are non-interest bearing and therefore not included in the total borrowings of the Company as well as for the purpose of the computation of gearing

### 5.3 Earnings and Earnings per Share ("EPS")

The Proposals will not have any immediate material effect on the earnings and EPS of the Company for the financial year ended 31 December 2019 and 31 December 2020. However, the Proposed Private Placement is expected to contribute positively to the earnings of the Company in the coming financial years when the benefits of the utilisation of proceeds are realised.

The resultant increase in the number of SHIB Shares in issue pursuant to the Proposals may accordingly dilute the EPS of the Company if the earnings of the Company do not increase in tandem with such increase in the number of SHIB Shares. Nevertheless, the extent of dilution to the consolidated EPS of the Company is dependent upon, amongst others, the eventual number of SHIB Shares to be issued pursuant to the Proposals vis-à-vis the future earnings of the Company.

### 5.4 Dividends

The Proposals are not expected to affect the dividend policy of the Company as future dividend payable by the Company would be dependent on *inter-alia*, the future profitability and cashflow position of the SHIB.

### 5.5 Convertible Securities

Save for the SHIB RCN as disclosed under Section 3 of this announcement, the Company does not have any other existing convertible securities as at the date of this announcement.

The Proposals will not give rise to adjustment to the number of SHIB RCN and will not give rise to adjustment to the conversion price of SHIB RCN.



## 5.6 Substantial shareholders' shareholdings

The effect of the Proposals on the shareholdings of the substantial shareholders of SHIB, based on the register of substantial shareholders as at 9 April 2020, is set out below:

	As at LPD				After the Proposed Debt Settlement				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Rock Point Alliance Pte. Ltd.	285,000,080	25.39	-	0.00	285,000,080	23.53	-	0.0	285,000,080	21.16	-	0.00
Libran Infinity Inc	74,000,057	6.59	-	0.00	74,000,057	6.11	-	0.0	74,000,057	5.49	-	0.00
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	1.08	<sup>(1)</sup> 304,492,259	27.13	12,073,700	1.00	<sup>(1)</sup> 304,492,259	25.14	12,073,700	0.90	<sup>(1)</sup> 304,492,259	22.61
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	1,221,500	0.11	<sup>(2)</sup> 315,342,959	28.10	1,221,500	0.10	<sup>(2)</sup> 315,342,959	26.03	1,221,500	0.09	<sup>(2)</sup> 315,342,959	23.41
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar	1,166,500	0.10	<sup>(3)</sup> 315,397,959	28.10	1,166,500	0.10	<sup>(3)</sup> 315,397,959	26.04	1,166,500	0.09	<sup>(3)</sup> 315,397,959	23.42
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	1,176,500	0.10	<sup>(4)</sup> 315,387,959	28.10	1,176,500	0.10	<sup>(4)</sup> 315,387,959	26.04	1,176,500	0.09	<sup>(4)</sup> 315,387,959	23.42
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	1,154,250	0.10	<sup>(5)</sup> 315,410,209	28.10	1,154,250	0.10	<sup>(5)</sup> 315,410,209	26.04	1,154,250	0.09	<sup>(5)</sup> 315,410,209	23.42
Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar	1,076,550	0.10	<sup>(6)</sup> 315,487,909	28.11	1,076,550	0.09	<sup>(6)</sup> 315,487,909	26.04	1,076,550	0.08	<sup>(6)</sup> 315,487,909	23.43
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	100,200	0.01	<sup>(7)</sup> 316,465,759	28.20	100,200	0.01	<sup>(7)</sup> 316,465,759	26.13	100,200	0.01	<sup>(7)</sup> 316,465,759	23.50
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	1,500	*	<sup>(8)</sup> 308,810,230	27.52	1,500	*	<sup>(8)</sup> 308,810,230	25.49	1,500	*	<sup>(8)</sup> 308,810,230	22.93
Liu Guodong	-	-	<sup>(9)</sup> 74,000,057	6.59	-	-	<sup>(9)</sup> 74,000,057	6.11	-	-	<sup>(9)</sup> 74,000,057	5.49

**Notes:**

\* Negligible

- (1) Deemed interested by virtue of:
- Him being the sibling to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
  - Him being the father of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin;
  - Him being the spouse of Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
  - His substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd. which in turn holds shares in SHIB;
  - His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - His direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - His direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (2) Deemed interested by virtue of:
- Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tuanku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
  - Him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
  - His substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
  - His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (3) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
  - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
  - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
  - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (4) Deemed interested by virtue of:
- Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
  - Him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
  - His substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
  - His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - Him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.

- (5) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
  - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
  - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
  - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (6) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Irinah Binti Tuanku Ja'afar;
  - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
  - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
  - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (7) Deemed interested by virtue of:
- Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar;
  - Her being the sister-in-law to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
  - Her being the mother of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin;
  - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
  - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (8) Deemed interested by virtue of:
- Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
  - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
  - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
  - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (9) Deemed interest pursuant to Section 8 of Companies Act, 2016 by virtue of his entire equity interest in Libran Infinity Inc.

## 6. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the following:
  - (a) listing of and quotation for the Creditors Settlement Shares, AOF Settlement Shares and AOF I Settlement Shares to be issued pursuant to the Proposed Debt Settlement on the Main Market of Bursa Securities;
  - (b) listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities;
- (ii) shareholders of SHIB for the New Shareholders' Mandate; and
- (iii) any other relevant persons or authorities, if required.

The Existing Shareholders' Mandate is valid, unless revoked or varied by the Company at a general meeting, until the conclusion of the next AGM of SHIB. Therefore, any issuance of share not exceeding 10% of the total issued shares (excluding treasury shares) of the Company pursuant to the Proposals does not require another specific approval from the shareholders of SHIB. However, any issuance of Shares exceeding 10% pursuant to the Proposals will only be made after the renewal of the Current Shareholders' Mandate to the 20% General Mandate at the forthcoming AGM of the Company to be convened.

In addition, based on the subscription agreement dated 14 June 2019, the supplemental agreement dated 11 November 2019 and the supplemental letter dated 14 February 2020 (collectively known as the "**Subscription Agreement**") entered into between AOF and SHIB in relation to the subscription of SHIB redeemable convertible notes by AOF with an aggregate principal amount of up to RM150 million ("**SHIB RCN**"), the Company, in respect of any proposed private placement of new Shares, shall offer and sell such new Shares on the same terms and conditions to SHIB RCN holder(s) prior to offering such new Shares to any other person ("**Rights of First Refusal**").

The Company had on 21 April 2020 obtained written consent from AOF and AOF I each, for the Company to carry out the Proposals and to waive the Rights of First Refusal ("**Waiver Letter(s)**").

## 7. INTER-CONDITIONALITY

The Proposed Creditors Debt Settlement, Proposed AOF Debt Settlement, Proposed AOF I Debt Settlement and Proposed Private Placement are not inter-conditional upon each other.

The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company, if any.

## 8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the approvals/consents being obtained, the Proposals are expected to be completed by the third quarter of 2020.

## **9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors and/or major shareholders of SHIB and/or person connected with them have any interest, whether direct or indirect, in the Proposals.

## **10. DIRECTORS' RECOMMENDATION**

### Proposed Debt Settlement

The Board, after having considered all aspects of the Proposed Debt Settlement including but not limited to the capital structure of the Company, rationale and effects of the Proposed Debt Settlement, is of the opinion that the Proposed Debt Settlement are fair and reasonable and is in the best interests of the Company.

### Proposed Private Placement

The Board having considered all aspects of the Proposed Private Placement, including but not limited to the rationale and effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company.

### 20% General Mandate

The Board having considered all aspect of the 20% General Mandate, is of the opinion that is in the best interest of the Company and its shareholders as the fund raised from the additional 10% Shares to be issued will provide a buffer for the Company's capital base in the event that the progress of the recovery of the Malaysian and global economy resulted from the Covid-19 Pandemic is impeded.

## **11. ADVISER AND PLACEMENT AGENT**

M&A Securities has been appointed to act as the Adviser for the Proposals and also the Placement Agent for the Proposed Private Placement.

## **12. APPLICATION TO THE AUTHORITIES**

Barring unforeseen circumstances, the application to relevant authorities in relation to the Proposals is expected to be made within one (1) month from the date of this announcement.

## **13. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy each of the Creditor Settlement Agreement, AOF Settlement Agreement, AOF I Settlement Agreement and Waiver Letters will be available for inspection at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur during normal business days for a period of three months from the date of this announcement.

This announcement is dated 21 April 2020.