

**SINO HUA-AN INTERNATIONAL BERHAD ("Sino" or "Company" or "Purchaser")**

**(I) PROPOSED ACQUISITION OF THE ENTIRE EQUITY INTEREST IN BISTROMALONES (PJ) SDN BHD; AND**

**(II) PROPOSED CALL OPTION**

**COLLECTIVELY REFERRED TO AS THE "PROPOSALS"**

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**1. INTRODUCTION**

The Board of Directors of Sino wishes to announce that the Company had on 3 April 2019 entered into the following:

(i) a Share Purchase Agreement ("**SPA**") with Chaswood Resources Sdn Bhd ("**CRSB**" or "**Vendor**") for the proposed acquisition of 100 ordinary shares in Bistromalones (PJ) Sdn Bhd ("**Bistromalones**"), representing the entire equity interest in Bistromalones, including the shares in the entities it will acquire below, ("**Sale Shares**"), for a total purchase consideration of RM8.0 million ("**Purchase Consideration**"), to be fully satisfied in cash ("**Proposed Acquisition**");

- 1) 100% of the total issued share capital of the Teh Tarik Place Sdn Bhd (*principal and proprietor of the "**Teh Tarik Place**" brand, owner of Teh Tarik Place outlets at The Curve and IOI Mall Puchong*);
- 2) 100% of the total issued share capital of the Bistroamericana (TC) Sdn Bhd (*TGI Fridays restaurant at The Curve*);
- 3) 100% of the total issued share capital of the Bistroamericana (P.J.) Sdn Bhd (*TGI Fridays restaurant at Gurney Paragon*);
- 4) 100% of the total issued share capital of Bistroamericana (BU) Sdn Bhd (*TGI Fridays restaurant at 1 Utama*);
- 5) 100% of the total issued share capital of the Bistroamericana (QB) Sdn Bhd (*TGI Fridays at Queensbay Mall*);
- 6) 100% of the total issued share capital of the Bistroamericana (A) Sdn Bhd (*TGI Fridays restaurant at Alamanda Putrajaya*);
- 7) 100% of the total issued share capital of the Bistroamericana (Hartamas) Sdn Bhd (*TGI Fridays restaurant at Hartamas Shopping Centre*);
- 8) 100% of the total issued share capital of the Bistroamericana (SP) Sdn Bhd (*TGI Fridays restaurant at Sunway Pyramid*);
- 9) 100% of the total issued share capital of the Bistroamericana (BB) Sdn Bhd (*TGI Fridays restaurant at Pavilion KL*); and
- 10) 20% of total issued share capital of the Bistroamericana (J.B.) Sdn Bhd (*TGI Fridays restaurant at Wisma Jotic, Johor Bahru*).

(Collectively referred to as the "**Subsidiaries**")

(The Vendor and the Purchaser are hereinafter referred to as the "**Parties**" and "**Party**" refers to any one (1) of them, as the context may require)

(ii) a Call Option Agreement ("**COA**") with Craveat Management Sdn Bhd ("**CMSB**") for the granting by the Company of a call option for CMSB to require the Company to sell up to 49% of the entire paid up capital in Bistromalones to CMSB ("**Call Option Shares**") ("**Call Option**").

(Sino and CMSB are hereinafter referred to as the "**Call Option Parties**" and "**Call Option Party**" refers to any one (1) of them, as the context may require)

## 2. DETAILS OF THE PROPOSALS

### **Proposed Acquisition**

The Proposed Acquisition entails the acquisition by the Company of 100 ordinary shares in Bistromalones, representing the entire equity interest therein from CRSB, including the Subsidiaries for the Purchase Consideration in accordance with the terms and subject to the conditions of the SPA. The Sale Shares shall be acquired free from all charges, liens, pledges and other encumbrances and with all rights and advantages attaching thereto.

Upon completion of the Proposed Acquisition, Bistromalones will become a wholly-owned subsidiary of the Company.

### **Call Option**

Pursuant to the COA, the Company and CMSB have agreed on the granting by the Company of the Call Option which shall only be exercised by CMSB at any time commencing after the completion of the SPA until the lapse of 36 calendar months thereafter ("**Call Option Period**") at the call option price of RM100,000/- or such amount that the Call Option Parties may agree in writing by the Company and CMSB ("**Call Option Price**").

Barring any changes in the shareholding structure, Bistromalones will become a 51%-owned subsidiary of the Company in the event the call option under the COA is fully exercised by CMSB during the Call Option Period.

Please refer to Appendix I and Appendix II of this Announcement for the salient terms of the SPA and COA.

### **2.1 Information of Bistromalones**

Bistromalones is a private limited company incorporated in Malaysia on 19 August 2015. Bistromalones is principally engaged in operating a restaurant business and investment holding.

As at 28 February 2019, being the latest practicable date prior to this announcement ("**LPD**"), Bistromalones has an issued share capital of RM100/- comprising of 100 ordinary shares.

As at LPD, the directors and shareholders of Bistromalones and their respective shareholdings in Bistromalones are as follows:

<b>Name</b>	<b>No. of Ordinary Shares</b>	<b>% of Issued Share Capital</b>
<b>Directors</b>		
Andrew Roach Reddy	-	-
Nicol Roach Reddy	-	-
<b>Shareholder</b>		
Chaswood Resources Sdn Bhd	100	100%

Pursuant to a consolidation between Bistromalones and the Subsidiaries, Bistromalones will be holding the total issued share capital of the Subsidiaries prior to the Unconditional Date as defined in the SPA (the "**Consolidation**"). As at LPD, the total issued share capital of the Subsidiaries are as follows:

No.	Company Name	Total Issued Share Capital (RM)	Number of Ordinary Shares	Number of Ordinary Shares to be Acquired by Bistromalones	Percentage of Shareholding to be owned by Bistromalones (%)
1)	Teh Tarik Place Sdn Bhd (Company No: 751516-A)	200,000.00	200,000	200,000	100
2)	Bistroamericana (TC) Sdn Bhd (Company No: 653016-U)	500,000.00	500,000	500,000	100
3)	Bistroamericana (P.J.) Sdn Bhd (Company No: 308915-P)	1,000,000.00	1,000,000	1,000,000	100
4)	Bistroamericana (BU) Sdn Bhd (Company No: 597692-U)	500,000.00	500,000	500,000	100
5)	Bistroamericana (QB) Sdn Bhd (Company No: 742922-X)	1,000,000.00	1,000,000	1,000,000	100
6)	Bistroamericana (A) Sdn Bhd (Company No: 919858-K)	500,000.00	500,000	500,000	100
7)	Bistroamericana (Hartamas) Sdn Bhd (Company No: 838371-T)	500,000.00	500,000	500,000	100
8)	Bistroamericana (SP) Sdn Bhd (Company No: 780572-W)	1,600,000.00	1,600,000	1,600,000	100
9)	Bistroamericana (BB) Sdn Bhd (Company No: 780752-K)	2,300,000.00	2,300,000	2,300,000	100
10)	Bistroamericana (J.B.) Sdn Bhd (Company No: 415172-P)	1,000,000.00	1,000,000	200,000	20

## 2.2 Information of CRSB

CRSB is a private limited company incorporated in Malaysia on 21 February 2002. CRSB is principally engaged in developing and operating a restaurant business and investment holding.

As at LPD, CRSB has an issued share capital of RM3,000,000/- comprising of 3,000,000 ordinary shares.

As at LPD, the directors and shareholders of CRSB and their respective shareholdings in CRSB are as follows:

<b>Name</b>	<b>No. of Ordinary Shares</b>	<b>% of Issued Share Capital</b>
<b>Directors</b>		
Ng Teck Wah	-	-
Andrew Roach Reddy	-	-
Jaleeludeen Bin Abu Baker	-	-
<b>Shareholder</b>		
Chaswood Resources Holdings Ltd	3,000,000	100%

### 2.3 Information of CMSB

CMSB is a private limited company incorporated in Malaysia on 11 March 2019. CMSB is principally engaged in investment holding.

As at LPD, CMSB has an issued share capital of RM100 comprising of 100 ordinary shares.

As at LPD, the directors and shareholders of CMSB and their respective shareholdings in CMSB are as follows:

<b>Name</b>	<b>No. of Ordinary Shares</b>	<b>% of Issued Share Capital</b>
<b>Director</b>		
Lee Yew Jin	100	100
<b>Shareholder</b>		
Lee Yew Jin	100	100

### 2.4 Mode of Settlement of Purchase Consideration

As set out in Section 1 of this announcement, the Purchase Consideration will be fully settled in cash. The mode of settlement of the Purchase Consideration was determined after taking into consideration the prevailing cash flow position, gearing and working capital requirements of the Company and its group of companies ("**Group**").

### 2.5 Basis and Justification for the Purchase Consideration and the Call Option Price

The Purchase Consideration was arrived at on a "willing-buyer willing-seller" basis between the Company and CRSB after taking into consideration:

- (i) the rationale and benefits of the Proposed Acquisition including the earnings potential and prospects of Bistromalones. The 12-month forward target EBITDA multiple (on a fully diluted basis) is expected to be approximately 5.8x;

- (ii) the strong recognition of the brands carried and/or owed by Bistromalones; and
- (iii) the favourable outlook and prospect of the Food and Beverage industry as set out in Section 5 of this announcement.

Similarly, the Call Option Price has also been arrived at on a “willing-buyer” willing-seller” basis and is based on the following rationale:

- (i) to ensure management and business continuity in order to carry through the existing business growth plans;
- (ii) to ensure the senior management is motivated and incentivised so as to align management interest with that of the shareholders’;
- (iii) to ensure the twelve-month profit targets of Bistromalones and its Subsidiaries are achieved through linking it with the COA, as set out in Appendix II-Paragraph 4, herein; and
- (iv) to ensure that the target business geographical expansion milestones are achieved by Bistromalones by linking it to the COA.

## **2.6 Source of Funding**

The Purchase Consideration will be fully satisfied via cash which is expected to be generated from a fund raising exercise by way of issuance of 1.0% equity-linked redeemable convertible notes (“**Notes**”) in relevant tranches up to an aggregate principal amount of RM200.0 million.

The Company is in the midst of making the necessary arrangements for the issuance of the abovementioned Notes and accordingly, shareholders’ approval on the same will be sought in due course.

## **2.7 Liabilities to be Assumed**

There are no other liabilities, contingent liabilities or guarantees to be assumed by Sino pursuant to the SPA and COA, except those incurred in the ordinary course of business.

## **2.8 Additional Financial Commitment Required**

Apart from the Purchase Consideration for the Proposed Acquisition described herein, as the casual dining business progresses and develops in the future, more funds may be channelled towards it to fund its business expansion, as and when necessary, such as establishing and expanding the number of outlets in Malaysia as well as in the region and setting up of a manufacturing base for the production and distribution of its proprietary products and retailing them in the commercial market.

## **3. RATIONALE AND BENEFIT OF THE PROPOSALS**

Since its listing in 2007, the Group has been operating only in China and relying on a single source of business, i.e. that of manufacturing and sale of metallurgical coke and its by-products (“**Existing Primary Business**”). The strategy of sole reliance on a single business source which is highly dependent on the steel industry, has over the years caused the Group to operate in challenging business environment and industry

landscape and these had accordingly caused the Group's financial position to be quite volatile. To a large extent, the Group's financials were subjected to the vagaries of the market at large which dictates the dynamics of the commodity prices, in particular that of metallurgical coke and coking coal, both of which prices cannot be controlled by the Group.

Hence, the Proposed Acquisition will enable the Group to diversify into a new business segment which will provide additional stream of revenue which may in turn improve the Company's shareholders value. The Board believes that the Proposed Acquisition will potentially contribute positively to the Group's future earnings. In addition, the Proposed Acquisition may reduce the Group reliance on its Existing Primary Business. In addition to the above, the Group had all this while been operating only in China and does not have any business presence in Malaysia, despite it being a listed entity in Malaysia. As such, the Board sees the Proposed Acquisition as a repositioning strategy as also an opportunity to establish its footprint in Malaysia where it is listed, so that our investors/shareholders can have a better appreciation of the Group.

#### **4. RISK FACTORS**

The Proposals are subject to terms and conditions of the SPA and COA. There is no assurance that the Proposals will not be exposed to risks such as inability to fulfil the terms and conditions therein.

Following the completion of the SPA, the Group will be subjected to challenges and inherent risks associated with the business and operations of Bistromalones.

#### **5. PROSPECTS OF BISTROMALONES**

Based on an independent market research, the Food and Beverage service market in Malaysia is forecasted to continue growing at a CAGR of 4.5% to RM43.7 billion, by 2020. The market in Malaysia is expected to be driven by the rising income levels which would lead to greater spending power for dining out, evolving Food and Beverage trends in Malaysia as well as the growing number of shopping complexes in the country which has led to an increasing number of dining options in Malaysia.

Thus, the growth potential of Food and Beverage service market in Malaysia is attractive and will bode well for the prospects of Sino's entry into the market through the acquisition of Bistromalones.

The markets for Food and Beverage service in China and Southeast Asia represent major revenue opportunities for Sino in light of its future plan to expand into China and Southeast Asia post the acquisition of Bistromalones.

With the largest population in the world and a rapidly growing economy, the Food and Beverage service market in China has vast potential to expand. In the last 5 years, China's Food and Beverage service market has grown at a CAGR of 7.7%. The market is expected to be driven by the growing spending power in the country as well as increasing number of international tourists in China. Further, since the launch of the anti-waste campaign in China in 2012, extravagance on food amongst officials has been curbed, leading to a shift in demand from high-end restaurants to casual dining restaurants. This is thus expected to benefit the casual dining segment in China, which is the segment in which Sino will be operating in post the proposed acquisition.

Meanwhile in Southeast Asia, the Food and Beverage service market has been growing at a CAGR of 6.7% over the last 5 years. As with Malaysia, dining out is becoming

more of a lifestyle choice in other countries in Southeast Asia due to experiential element as well as longer working hours. The Food and Beverage service market in Southeast Asia is also expected to benefit from the growing tourism in these countries. This is anticipated to bode well for Sino's proposed entry into the market.

## 6. FINANCIAL EFFECTS OF THE PROPOSALS

### 6.1 Share Capital and Substantial Shareholders' Shareholding

The Proposals will not have any effect on the share capital and substantial shareholders' shareholding in the Company as the Proposals do not involve any issuance of new shares in Sino.

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

The Proposal is expected to be earnings accretive and will contribute positively to the future earnings and EPS of Sino.

### 6.3 Net Assets ("NA") and NA per share of the Company and Gearing

Based on the unaudited financial statements of Sino as at 31 December 2017, the pro-forma effects of the Proposals on the consolidated NA per share and net gearing ratio are as follows:

	<b>Unaudited as at 31 December 2017 RM'000</b>	<b>After Share Acquisition RM'000</b>	<b>After Exercise of Call Option RM'000</b>
Share Capital	1,115,045	1,115,045	1,115,045
Reserves	(549,730)	(549,730)	(549,730)
Accumulated Loss	(200,613)	(204,554)	(204,554)
<b>Shareholders' Equity / NA</b>	<b>364,702</b>	<b>360,761</b>	<b>360,761</b>
Non-Controlling Interest	-	-	(1,931)
<b>Total Equity</b>	<b>364,702</b>	<b>360,761</b>	<b>362,692</b>
No. of Ordinary Shares	1,122,308	1,122,308	1,122,308
<b>NA Per Share</b>	<b>0.32</b>	<b>0.32</b>	<b>0.32</b>
<b>Gearing (times)</b>	<b>0.07</b>	<b>0.10</b>	<b>0.10</b>

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

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

## 8. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposals are expected to complete by end of the year, or at such other extended dates as may be mutually agreed between the parties.

## **9. PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia is approximately 3.27% based on the latest audited consolidated net asset of Sino for the financial year ended 31 December 2017.

## **10. APPROVAL REQUIRED**

The Proposals are not subject to the approval of the shareholders of Sino and/or approval from any regulatory authority.

## **11. DIRECTORS' STATEMENT**

The Board of Directors of Sino, having considered all aspect of the Proposals, is of the opinion that the execution of the Proposals is in the best interests of Sino.

## **12. DOCUMENT AVAILABLE FOR INSPECTION**

The SPA and COA are available for inspection at the registered office of Sino following the date of this announcement for a period of time three (3) months from Monday to Friday (except public holidays) during normal business hours.

This announcement is dated 3 April 2019.



**SALIENT TERMS OF THE SPA**

**1. Purchase Consideration**

The consideration for the purchase of the Sale Shares shall be the cash sum of RM8,000,000-00.

**2. Completion Date**

The date falling on the expiry of 3 months after the Unconditional Date shall be referred to as the "**Completion Date**", or such other date that may be agreed by the Parties in writing.

**3. Conditions**

**3.1 Conditions Precedent**

The Completion of the SPA is conditional upon the satisfaction by the Vendor or a waiver granted by the Purchaser, which shall be at the Purchaser's sole discretion except for items (c) to (e) below, of the following conditions:

- (a) the completion of the Consolidation;
- (b) the Purchaser's satisfaction of the results of such legal, commercial and financial due diligence conducted by the Purchaser on Bistromalones and the Subsidiaries, over the business, affairs, operations, assets and liabilities, prospects and records of Bistromalones and the Subsidiaries;
- (c) the passing by way of shareholders' (if required) and directors' circular resolution of the Purchaser of a resolution to approve the acquisition of the Sale Shares in the agreed terms;
- (d) The submission and lodgement with the Securities Commission all information and documents as may be specified by the Securities Commission and in compliance with applicable laws and regulations for the issuance of the Notes (the "**Lodgement**"), and such Lodgement not having been amended, withdrawn, revoked, rescinded or cancelled;
- (e) The subscription agreement for the Notes remains valid and binding and is NOT terminated for any reason whatsoever;
- (f) the Vendor obtaining the approval of the board of directors and shareholders (if required) of Bistromalones for the transfer of the Sale Shares to the Purchaser free from Encumbrances as defined in the SPA, and the Vendor shall deliver the certified copy of the said approval to the Purchaser;
- (g) the shareholder's agreement (for Bistromalones (J.B.) Sdn Bhd only) between Bistromalones and the other 80% shareholder of Bistromalones (J.B.) Sdn Bhd have been duly executed, witnessed and stamped;
- (h) the letter of undertaking from the Vendor that the Purchase Consideration shall only be utilised for Bistromalones's and its

subsidiaries' outstanding liabilities which are not in the normal course of business working capital cycle;

- (i) the employment agreements to be executed pursuant to the SPA, between key management to be identified and Bistromalones;
- (j) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the Proposed Acquisition of the Sale Shares by the Purchaser having been obtained from third parties (including financial institutions and franchisor), appropriate governments, governmental, courts, Singapore Exchange Securities Trading Limited or other regulatory bodies and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect, and with compliance with the Catalyst Rules, if applicable;
- (k) where the terms of any material contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of Bistromalones or include any right to terminate prior to or as a result of any matter contemplated by the SPA, written confirmation in a form and on terms (if any) reasonably satisfactory to the Purchaser by the counterparties, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate, if applicable; and
- (l) the issuance of a waiver letter, substantially in the form attached to Schedule 4 of the SPA by the Vendor to Bistromalones waiving all its rights of action of any kind, arising in any capacity or in any jurisdiction, against Bistromalones and its subsidiary or any of their respective officers or employees.

### **3.2 Responsibility for Satisfaction**

- (a) The Vendor shall use their best endeavours to ensure the satisfaction of the conditions set out in Paragraph 3.1 (a),(e),(f),(g),(h),(i), (j), (k) and (l) and the Purchaser shall use its best endeavours to ensure the satisfaction of the conditions set out in Paragraph 3.1 (b),(c), (d) and (e), within three (3) calendar months after the date of the SPA, or such other date as may be mutually agreed in writing by the Vendor and the Purchaser ("**Long Stop Date**").
- (b) Once the Vendor and the Purchaser (collectively referred to as the "**Party**" or "**Parties**") are satisfied that all of the Conditions Precedents have been fulfilled or waived on or before the Long Stop Date, as the case may be, the Parties shall execute a confirmatory notice in the form as per Schedule 6 of the SPA to such effect no later than two (2) business days from the last Condition Precedent being fulfilled or waived, and the Parties shall work together towards achieving Completion as on Completion Date.

### **3.3 Non-satisfaction or Waiver**

- (a) The Purchaser may at any time at its sole discretion waive in whole or in part and conditionally or unconditionally the conditions set out in

Paragraph 3.1 (Conditions Precedent) except for Paragraph 3.1 (c) to (e) by notice in writing to the Vendor.

- (b) The Party responsible for the satisfaction of each condition as specified in Paragraph 3.2 (Responsibility for Satisfaction) shall give notice to the other Party of the satisfaction of the relevant conditions within three (3) business days of becoming aware of it.
- (c) If the conditions in Paragraph 3.1 (Conditions Precedent) are not satisfied or waived on or before the Long Stop Date, the SPA shall terminate and cease to have effect on the Long Stop Date except for:
  - (i) provisions referred to in Paragraph 3.5 (Surviving Provisions); and
  - (ii) any rights, remedies or liabilities of the Parties that have accrued at termination of the SPA, unless otherwise agreed by the Parties in writing.

### **3.4 Unconditional Date**

The SPA shall become unconditional on the date on which the last of the conditions set out in Paragraph 3.1 is obtained or fulfilled or waived in accordance with.

### **3.5 Surviving provisions**

The following provisions shall continue to have effect notwithstanding the termination of the SPA in accordance with Paragraph 3.3(c) (Non-satisfaction or Waiver) or the termination of the SPA in accordance with Clauses 6.5 (Right to terminate) of the SPA:

- (a) Clause 1 (Definitions and interpretation);
- (b) Clause 9 (Whole agreement);
- (c) Clauses 10 (Other Provisions), with the exception of Clause 10.9 (Further assurances).

## **4. Actions Pending Completion**

### **4.1 Vendor' general obligations**

Except as permitted in the SPA or where any prior written consent of the Purchaser has been given to the Vendor, the Vendor hereby covenant and undertake to ensure that as from the date hereof and pending Completion, shall procure at its best effort, Bistromalones to:

- (a) continue to conduct its present business according to its present practice and in the ordinary course of business and specifically ensure that it does not put the ownership and control of any of its key business contracts at risk, nor change its present business, nor commence any new business;
- (b) not to sell, transfer, lease, let or encumber or dispose of or otherwise howsoever deal or part with possession of any of its assets or undertakings or any part or parts thereof other than in the ordinary course of business;

- (c) not to create or issue or agree to create or issue any share or loan capital or give or agree to give any option or right or interest in respect of any share or loan capital;
- (d) not to hold or convene any meeting which proposes or passes a resolution except to give effect to the SPA or for its ordinary course of business;
- (e) not to cause any licence, permit or statutory approval relating to its business to be revoked, withdrawn or suspended unless such revocation, withdrawal or suspension is to facilitate the issuance of any licence, permit or statutory approval to it;
- (f) to maintain all insurance cover and not do anything which will affect its validity;
- (g) not to alter its memorandum and articles of association/ constitution, as the case may be, in any respect except in compliance with requirements of law and/or any public authorities and/or as may be necessary to give effect to the terms of the SPA;
- (h) not to incur any borrowing or indebtedness except that entered into in the ordinary course of business;
- (i) not to enter into any abnormal or long-term contract or capital commitment. The expression "long-term" shall mean any length of time exceeding 90 days;
- (j) not to pay or declare any dividend or make any other distribution;
- (k) not to enter into any service contracts with its directors or employees nor increase the remuneration paid to its directors and employees, save and except the entering into the Key Personnel Employment Agreement; and
- (l) shall comply in all respects with all applicable laws, rules, regulations and orders to which it is subject.

**4.2 Due diligence access**

- (a) Without prejudice to the Warranties and undertakings, in order to enable the due diligence investigations referred to in Paragraph 3.1(a) (Conditions Precedent) to be carried out, the Vendor shall provide and shall procure Bistromalones - to provide the Purchaser and its representatives and agents with access and entry to the relevant premises where all the records, books and accounts in respect of the Sale Shares of the Bistromalones are held.
- (b) The Vendor shall procure for the Purchaser and its representatives and agents, all the reasonable assistance, co-operation and access necessary for the due diligence and each shall on request of the other provide copies of all reasonable documents required for the submission of the applications to the relevant public authorities.

## **5. Completion**

### **5.1 Date and place**

Subject to Paragraph 3 (Conditions) above, Completion shall take place at the offices of the Purchaser's Solicitors on the Completion Date or at such other place or on such other date as may be agreed between the Parties.

### **5.2 Obligations on Completion**

Upon Completion, the Vendor shall immediately procure that all obligations specified in **Schedule 3** (Completion Obligations) as stated in the SPA to be fulfilled and delivered to the Purchaser.

### **5.3 Payment of Purchase Consideration**

Upon compliance with the foregoing provisions, the Purchaser shall pay RM8.0 million as the Purchase Consideration to the Vendor on Completion.

### **5.4 Remedies for Breach of Warranties**

- (a) If at any time between the date of the SPA and the Completion Date it becomes apparent that any Warranties has been breached, is untrue or misleading, or that the Vendor have breached any other term of the SPA (including, without limitation, any of the Vendor' obligations and undertakings under the SPA, the Purchaser may at its sole discretion (without prejudice to any other rights or remedies it has):
  - (i) in addition to the rights as provided under Paragraph 5.5 below, the Purchaser may rescind the SPA by notice in writing to the Vendor; or
  - (ii) proceed to Completion.
- (b) Without prejudice to the right of the Purchaser to claim on any other basis or take advantage of any other remedies available to it, if any Warranties is breached or proves to be untrue or misleading, and the Vendor shall fail to remedy breach or to rectify such untrue or misleading Warranties, within 14 days of being notified thereof or such extension of time to be agreed by the parties, the Vendor shall pay to the Purchaser on demand:
  - (i) the reasonable amount to be proven by the Purchaser, necessary to put Bistromalones into the position they would have been in if the Warranties had not been breached or had not been untrue or misleading; and
  - (ii) all costs and expenses (including, without limitation, damages, legal and other professional fees and costs, penalties, expenses and consequential losses whether arising directly or indirectly) incurred by the Purchaser or Bistromalones as a result of such breach, or of the Warranties being untrue or misleading.

### **5.5 Right to terminate**

- (a) If the foregoing provisions of this Paragraph are not fully complied with by the Vendor or the Purchaser by or on the Completion Date, the Purchaser, in the case of non-compliance by any of the Vendor, or the

Vendor, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available to the terminating Party including the right to claim damages) by written notice to the other Parties served on such date:

- (i) to elect to terminate the SPA (other than the provisions referred to in Paragraph 3.5 (Surviving provisions)) without liability on the part of the terminating Party; or
  - (ii) to effect Completion so far as practicable having regard to the defaults which have occurred; or
  - (iii) to mutually agree to a new Completion Date (not being more than twenty (20) Business Days after the previous agreed date for Completion), in which case the foregoing provisions of this Paragraph 5.5 (Right to Terminate) shall apply to Completion as so deferred but provided such deferral may only occur once, unless otherwise mutually agreed.
- (b) If prior to Completion:
- (i) it shall be found that:
    - (A) any of the Warranties was, when given, or will be or would be, at Completion (as if they had been given again at Completion) not complied with or otherwise untrue or misleading; or
    - (B) the Vendor have breached any term of this Agreement (including without limitation, the Vendor' obligations and undertakings under Paragraph 4 (Actions pending completion))

and the Vendor shall fail to remedy the breach or to rectify such untrue or misleading Warranties within 14 days of being notified thereof or such extension of time to be agreed by the parties, the Purchaser shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to the Vendor to terminate the SPA (other than the provisions referred to in Paragraph 3.5 (Surviving provisions)) or to claim for specific performance of this Agreement against the Vendor, but failure to exercise this right shall not constitute a waiver of any other rights of the Purchaser or its successors in title arising out of such breach; or

- (ii) any event shall occur (other than an event constituting or giving rise to a breach of any of the Warranties) which (in the reasonable opinion of the Purchaser) affects or is likely to affect adversely to a material degree the financial position or turnover or profitability of the Company, the Purchaser shall be entitled by notice in writing to the Vendor to terminate this Agreement (other than the provisions referred to in Paragraph 3.5 (Surviving provisions)) but the occurrence of such an event shall not give rise to any right to damages or compensation.

**SALIENT TERMS OF THE COA**

**1. Call Option**

- 1.1 In consideration of the sum of RM100.00 only paid by CMSB to Sino on the execution of the COA (the receipt whereof Sino hereby acknowledges) Sino hereby grants to CMSB the Call Option to require Sino to sell to CMSB the Call Option Shares at the Call Option Price upon the terms and conditions hereof.
- 1.2 The Call Option is conditional upon the completion of the sale and purchase of the Sale Shares by Sino from CRSB pursuant to the terms and conditions of the SPA.
- 1.3 CMSB shall be entitled to exercise the Call Option at the Call Option Period subject to the following:
  - (i) Share Transfer Back mechanism as described in Paragraph 4 below (or Schedule 1 of the COA); and
  - (ii) Satisfaction that the Group has secured business foothold and/or franchisee arrangements in Australia and Brunei.
- 1.4 The Call Option shall be exercisable by CMSB by serving on Sino a notice in writing to buy the Call Option Shares at the Call Option Price at any time during the Call Option Period and subject to Paragraph 1.3 above ("**Call Option Notice**").

**2. Undertakings**

- 2.1 Sino covenants, agrees and undertakes with CMSB that within seven (7) business days of the receipt of the Call Option Notice, Sino and CMSB shall complete the sale and purchase of all of the Call Option Shares.
- 2.2 Sino undertakes and ensures that Bistromalones shall not increase the issued and paid up capital of Bistromalones during the Call Option Period and shall not declare or distribute any dividends in any manner whatsoever.
- 2.3 Sino shall sell to CMSB such amounts or proportion of the Call Option Shares as CMSB shall in its sole discretion, decide to buy, up to the maximum of 49% of the total paid up capital of Bistromalones. For the avoidance of doubt, there shall be no limit as to the number of Call Option Notices.

**3. Completion**

- 3.1 Completion of the sale and purchase of the Call Option Shares shall take place at the registered office of Bistromalones (or at such other place as may be agreed) and in accordance with Paragraph 2.1 above hereof wherein CMSB shall pay to Sino the Call Option Price for the Call Option Shares and Sino will deliver or procure the delivery to CMSB the certificates for the Call Option Shares together with duly executed share transfer forms in respect thereof.
- 3.2 On Completion, Sino shall do or procure to be done all such acts deeds and measures and sign or procure to be signed all such documents and instruments as may be necessary or expedient to facilitate the registration of the Call Option Shares in the name of CMSB.

#### 4. Share Transfer Back

- (i) The projected EBITDA shall be RM4.4 million for the period ending 12 months after the date of completion of the SPA;
- (ii) In the event that the projected EBITDA is not achieved and there is a shortfall of 5% or more from the projected EBITDA, then:
  - (a) Where the Option Shares or any part thereof have been purchased and transferred to CMSB pursuant to the Call Option, such proportion of the said Shares shall be transferred back to Sino at no consideration ("**Share Transfer Back**") based on the following formula:

$$\frac{\text{Shortfall in Projected EBITDA}}{\text{Projected EBITDA}} \times 49\%$$

- (b) Where the Option Shares or any part thereof have NOT been purchased and transferred to CMSB, then CMSB shall NOT be entitled to a proportion of the Call Shares based on the calculation/formula above.
- (c) Notwithstanding anything contrary stated herein, the Share Transfer Back shall be limited up to a maximum of 16% of the Option Shares. For avoidance of doubt, CMSB shall, regardless of the shortfall in Projected EBITDA in accordance to Paragraph 4 (ii) above, be entitled to at least 33% of the Option Shares.

#### 5. Representations and Warranties

CMSB and Sino jointly and severally represent and warrant to and undertake with each other as follows:-

- (i) that they have the power and capacity to execute, deliver and perform the terms of the COA and have taken all necessary corporate and other action to authorize the execution, delivery and performance of the COA;
- (ii) that the COA constitutes the legal, valid and binding obligations of the parties hereto in accordance with its terms;
- (iii) that the execution, delivery and performance of the COA will not exceed any power granted to CMSB or Sino or violate the provisions of:
  - (a) any law or regulation or any order or decree of any governmental authority, agency or Court to which it is subject;
  - (b) any mortgage contract or other undertaking or instrument to which the Parties are a party or which is binding upon the respective Parties or any of their properties and assets and will not result in the creation or imposition of or any obligation to create or impose any mortgage, lien, pledge or charge on any of their assets pursuant to the undertaking or instrument;
- (iv) that where applicable, all consents, approvals, authorizations, orders and exemptions of any Ministry, agency, department or authority in Malaysia which is required or advisable for or in connection with the execution, delivery, performance, legality or enforceability of the COA have been obtained and are in full force and effect;



- (v) that CMSB or Sino are not insolvent or bankrupt or entitled to any immunity from suit or other legal process in any proceedings in any jurisdiction.