

SINO HUA-AN INTERNATIONAL BERHAD (“SHIB” OR THE “COMPANY”)

PROPOSED VARIATION TO THE TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT DATED 14 JUNE 2019, IN RELATION TO THE ISSUANCE OF REDEEMABLE CONVERTIBLE NOTES WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO RM150 MILLION (“PROPOSED VARIATION”)

(All defined terms used herein shall have the same meanings as the words and expressions defined in the circular to shareholders of SHIB dated 21 August 2019 in relation to the issuance of redeemable convertible notes (“Notes”) with an aggregate principal amount of up to RM150 million (“Notes Issue”) under a redeemable convertible notes programme (“Previous Circular”).)

1. INTRODUCTION

On behalf of the Board, Kenanga IB wishes to announce that SHIB had on 11 November 2019 entered into a supplemental agreement with the Subscriber (“**Supplemental Agreement**”) to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Subscription Agreement dated 14 June 2019, in relation to the Notes Issue (“**Proposed Variation**”). The details of the Proposed Variation are set out in the ensuing sections of this announcement.

Background information

Reference is made to the Previous Circular in relation to the Notes Issue.

On 14 June 2019, Kenanga IB had, on behalf of the Board, announced that the Company is undertaking the Notes Issue.

On 2 August 2019, Kenanga IB had, on behalf of the Board, announced that Bursa Securities had *vide* its letter dated 2 August 2019, approved the listing of and quotation for up to 833,333,333 Conversion Shares pursuant to the Notes Issue.

The shareholders of SHIB had, at the extraordinary general meeting held on 5 September 2019 (“**EGM**”), approved the Notes Issue with an aggregate principal amount of up to RM150 million which is convertible into a maximum of 833,333,333 new SHIB shares based on the Minimum Conversion Price (“**MCP**”) of RM0.18.

As at 4 November 2019, being the latest practicable date of this announcement (“**LPD**”), the Company has yet to issue any Notes in relation to the Notes Issue.

2. DETAILS OF THE PROPOSED VARIATION

SHIB had on 11 November 2019 entered into the Supplemental Agreement to amend, modify, substitute, vary and alter the terms, conditions and provisions of the Subscription Agreement. Pursuant to the Supplemental Agreement, SHIB and the Subscriber have agreed to, amongst others, the followings:

- (i) to revise the Minimum Conversion Price from RM0.18 to RM0.10 (“**Revised MCP**”);
- (ii) to set the limit of the number of Conversion Shares to be issued upon conversion of the Notes at 833,333,333 Conversion Shares (“**Conversion Limit**”); and
- (iii) to revise the nominal value of each sub-tranche of Tranche 1 to Tranche 3 Notes to RM1 million each.

For illustration purpose, the abovementioned changes are illustrated in the table below:

	As per the Subscription Agreement	Proposed Variation
MCP	The MCP is set at RM0.18.	The MCP is revised to RM0.10.
Conversion Limit	(Note: There was no provision of Conversion Limit in the Subscription Agreement. However, based on the MCP of RM0.18, the maximum number of Conversion Shares is 833,333,333).	The Noteholder is only allowed to convert the Notes up to 833,333,333 SHIB Shares as approved by Bursa Securities and the shareholders of SHIB at the EGM.
Revision of the nominal value of sub-tranches	Tranche 1 Notes shall comprise of 10 equal sub-tranches of RM5 million each, Tranche 2 Notes shall comprise of 10 equal sub-tranches of RM5 million each and Tranche 3 Notes shall comprise of 5 equal sub-tranches of RM10 million each.	Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes shall each comprise of 50 equal sub-tranches of RM1 million each.

The salient terms of the Subscription Agreement and Supplemental Agreement (including other changes to the Subscription Agreement as amended by the Supplemental Agreement other than those as set out above) are set out in **Appendix I** of this announcement. Save for the consequential changes as a result of the changes to the Subscription Agreement and those as set out in Section 2 and **Appendix I** of this announcement, there are no other material amendments to the Subscription Agreement as varied by the Supplemental Agreement and all other terms and conditions of the Subscription Agreement shall remain unchanged and continue to be in full force and effect.

2.1 Basis of determining the Revised MCP

Taking cognisance of the recent price performance of SHIB Shares, the discount rates to be applied to the relevant closing prices of SHIB Shares in determining the Conversion Price (i.e. from 5% to 15%) as set out in the Subscription Agreement (“**Conversion Price Discount**”) and the intention of the Board to facilitate a smooth implementation of the Notes Issue without any disruption (including the gradual issuance of subsequent tranches of Notes and conversion of the Notes into Conversion Shares throughout the tenure of the Notes), SHIB and the Subscriber have agreed to revise the MCP to RM0.10.

A comparison of the historical prices of SHIB Shares and the Revised MCP is as follows:-

Period Date	Traded Price Range (RM)		Discount of Revised MCP to the traded price range of SHIB Shares ⁽¹⁾			
			(RM)		(%)	
	Low	High	Low	High	Low	High
1 year up to the LPD	0.115	0.300	0.015	0.200	13.04	66.67
From the date of approval by the shareholders to the LPD	0.115	0.170	0.015	0.070	13.04	41.18
5-day volume weighted average market price (“VWAP”) up to and including the LPD	0.1599		0.0599		37.46	

Note:

(1) Being the range of implied discount of the revised MCP to the traded price range of SHIB Shares.

For illustration purposes, assuming the conversion of the Notes is based on the closing price of SHIB Shares as at RM0.115, being the lowest closing price of SHIB Shares for the past one (1) year up to the LPD, the conversion price of the Notes is as follows:

Tranche	Conversion Price Discount	Conversion Price (RM)
Tranche 1 Notes	15%	0.1000 ⁽¹⁾
Tranche 2 Notes	12%	0.1012
Tranche 3 Notes	10%	0.1035

Note:

(1) *Being the Revised MCP, as the Conversion Price calculated after applying a discount of 15% on RM0.115, being the lowest closing price of SHIB Shares for the past one (1) year up to the LPD, is lower than the Revised MCP.*

Premised on the above, the Board is of the view that the Revised MCP is reasonable such that it facilitates the continual operation of the Notes programme over the tenure of the Notes and at the same time is not detrimental to the interests of the Group and the shareholders of the Company, as the maximum number of the Conversion Shares remains at 833,333,333.

2.2 Ranking of the Conversion Shares

The Conversion Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing SHIB Shares, save that the Conversion Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date is prior to the date of allotment and issuance of the Conversion Shares.

2.3 Listing of and quotation for the Conversion Shares

Bursa Securities had on 2 August 2019 approved, amongst others, the listing of and quotation for up to 833,333,333 Conversion Shares pursuant to the Notes Issue. Save for the listing of and quotation for up to 833,333,333 Conversion Shares which was approved by Bursa Securities pursuant to the Notes Issue, there is no additional new SHIB Shares to be issued pursuant to the Proposed Variation. In this regard, the Company is not required to submit an application to Bursa Securities for the additional new SHIB Shares to be issued pursuant to the conversion of the Notes.

2.4 Utilisation of proceeds

For the avoidance of doubt, there will be no material change and variation to the proposed utilisation of proceeds of the Notes Issue as approved by SHIB's shareholders at the EGM. For information purpose, the Company will use the proceeds raised from the Notes Issue in the manner as set out in Section 2.9 of the Previous Circular.

3. RATIONALE FOR THE PROPOSED VARIATION

In view of the Group's requirements for funds and having considered the prevailing market price and trading history of SHIB Shares, the Board is of the view that the Proposed Variation will enable the Company to facilitate a progressive subscription and conversion of the Notes as well as a progressive divestment of the Conversion Shares via the open market without interruption arising from any non-conversion of the Notes due to the Conversion Price falling below the MCP. This will in turn facilitate an eventual full subscription and issuance of all three (3) tranches of the Notes for the Group to raise adequate funds to be channelled to the projects as explained in details in Section 2.9 of the Previous Circular.

In addition to the above, the insertion of the Conversion Limit allows the Company to manage the dilution impact on the existing shareholders' shareholdings in SHIB as the Company is able to ascertain the maximum number of Conversion Shares to be issued upon conversion of the Notes.

4. EFFECTS OF THE PROPOSED VARIATION

The Proposed Variation will impact the conversion terms (i.e., MCP, Conversion Limit and size of sub-tranches of the Notes) for the conversion of the Notes.

As at the LPD, the Conversion Price for the Notes is yet to be determined. Thus, the effects of the conversion of the Notes pursuant to the Proposed Variation are not ascertainable at this juncture.

Although the MCP is revised to RM0.10, the maximum number of Conversion Shares to be issued should remain unchanged at 833,333,333 pursuant to the Conversion Limit as set out in the Proposed Variation.

For illustration purposes, the pro forma effects of the Notes Issue as a result of the Proposed Variation, on the issued share capital of SHIB, the NA and gearing of SHIB Group, the substantial shareholders' shareholdings in the Company are set out in the ensuing section based on the assumption that all three (3) tranches of the Notes are fully issued and converted at the Conversion Limit of 833,333,333 Conversion Shares.

4.1 Issued Share Capital

The pro forma effects of the conversion of the Notes pursuant to the Proposed Variation on SHIB's issued share capital are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	1,122,307,817	1,115,044,734
To be issued pursuant to:		
- Full Conversion of the entire Notes at the Conversion Limit ⁽¹⁾	833,333,333	150,000,000
Enlarged issued share capital	1,955,641,150	1,265,044,734

Note:

(1) Assuming the entire Notes with a principal amount of RM150 million is converted at Conversion Limit of 833,333,333 Conversion Shares as approved by Bursa Securities and shareholders of SHIB at the EGM at an illustrative conversion price of RM0.18.

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4.2 NA and Gearing

The pro forma effects of the Notes Issue pursuant to the Proposed Variation on the NA and gearing of the SHIB Group based on the audited consolidated financial statements of SHIB for FY2018 are set out below:

	Audited as at 31 December 2018 (RM'000)	Pro forma (I) After subsequent events up to the LPD ⁽¹⁾ (RM'000)	Pro forma (II) Upon issuance of the Notes ⁽²⁾ (RM'000)	Pro forma (III) Upon full conversion of the Notes up to the Conversion Limit (RM'000)
Share capital	1,115,045	1,115,045	1,115,045	⁽³⁾ 1,265,045
Reserves	(563,134)	(563,134)	(563,134)	(563,134)
Accumulated losses	(171,018)	(171,318)	(171,318)	⁽⁴⁾ (181,097)
Total equity/ NA	380,893	380,593	380,593	520,814
No. of Shares in issue ('000)	1,122,308	1,122,308	1,122,308	1,955,641
NA per Share (RM)	0.34	0.34	0.34	0.27
Borrowings (RM'000)	24,055	-	140,222	-
Gearing (times)	0.06	-	0.37	-

Notes:

- (1) Taking into consideration of the estimated expenses of RM0.3 million has been defrayed upon the completion of the Proposed Acquisitions as defined in the Previous Circular and full settlement of the Group's secured loan amounting to RM24 million as at the LPD.
- (2) In accordance with MFRS 132, the Notes is a financial liability in its entirety. The increase in the Group's total borrowings upon issuance of the Notes is RM140.22 million, being the carrying amount of the Notes after capitalising eligible estimated expenses in relation to the Notes Issue of RM9.78 million.
- (3) Assuming the entire Notes with a principal amount of RM150 million is converted into a maximum number of 833,333,333 Conversion Shares which has been approved by the shareholders of SHIB at the EGM at an illustrative conversion price of RM0.18 per Share.
- (4) In accordance with MFRS 9, the capitalised estimated expenses amounting to RM9.78 million in relation to the Notes Issue is amortised in profit or loss over the tenure of the Notes. However, for illustrative purposes, the estimated expenses of RM9.78 million is assumed to be recognised to profit or loss upon full conversion in Pro forma III.

4.3 Substantial Shareholders' Shareholdings

The pro forma effects of the Notes Issue pursuant to the Proposed Variation on the shareholdings of the substantial shareholders of SHIB based on the Record of Depositors of the Company as at the LPD are set out below:

Substantial Shareholders	As at the LPD				After issuance of the Notes ⁽¹⁾				After full conversion of the Notes up to the Conversion Limit			
	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	-	-	285,000,080	25.39	-	-	285,000,080	14.57	-	-
Libran Infinity Inc	74,000,057	6.59	-	-	74,000,057	6.59	-	-	74,000,057	3.78	-	-
Liu Guodong	-	-	⁽²⁾ 74,000,057	6.59	-	-	⁽²⁾ 74,000,057	6.59	-	-	⁽²⁾ 74,000,057	3.78
Rise Business Inc	102,000,038	9.09	-	-	102,000,038	9.09	-	-	102,000,038	5.22	-	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	1.08	⁽³⁾ 304,492,259	27.13	12,073,700	1.08	⁽³⁾ 304,492,259	27.13	12,073,700	0.62	⁽³⁾ 304,492,259	15.57
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	1,221,500	0.11	⁽⁴⁾ 315,342,959	28.10	1,221,500	0.11	⁽⁴⁾ 315,342,959	28.10	1,221,500	0.06	⁽⁴⁾ 315,342,959	16.12
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar	1,166,500	0.10	⁽⁵⁾ 315,397,959	28.10	1,166,500	0.10	⁽⁵⁾ 315,397,959	28.10	1,166,500	0.06	⁽⁵⁾ 315,397,959	16.13
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	1,176,500	0.10	⁽⁶⁾ 315,387,959	28.10	1,176,500	0.10	⁽⁶⁾ 315,387,959	28.10	1,176,500	0.06	⁽⁶⁾ 315,387,959	16.13
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	1,154,250	0.10	⁽⁷⁾ 315,410,209	28.10	1,154,250	0.10	⁽⁷⁾ 315,410,209	28.10	1,154,250	0.06	⁽⁷⁾ 315,410,209	16.13

Substantial Shareholders	As at the LPD				After issuance of the Notes ⁽¹⁾				After full conversion of the Notes up to the Conversion Limit			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar	1,076,550	0.10	⁽⁸⁾ 315,487,909	28.11	1,076,550	0.10	⁽⁸⁾ 315,487,909	28.11	1,076,550	0.06	⁽⁸⁾ 315,487,909	16.13
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	100,200	0.01	⁽⁹⁾ 316,465,759	28.20	100,200	0.01	⁽⁹⁾ 316,465,759	28.20	100,200	0.01	⁽⁹⁾ 316,465,759	16.18
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	1,500	*	⁽¹⁰⁾ 308,810,230	27.52	1,500	*	⁽¹⁰⁾ 308,810,230	27.52	1,500	*	⁽¹⁰⁾ 308,810,230	15.79
Zhu Qinghua	-	-	⁽¹¹⁾ 102,000,038	9.09	-	-	⁽¹¹⁾ 102,000,038	9.09	-	-	⁽¹¹⁾ 102,000,038	5.22
Noteholder(s)	-	-	-	-	-	-	-	-	833,333,333 ⁽¹²⁾	42.61	-	-

Notes:

* Negligible

(1) There will be no effect on the substantial shareholders' shareholdings in the Company upon the issuance of the Notes.

(2) Deemed interest pursuant to Section 8 of Companies Act, 2016 by virtue of his entire equity interest in Libran Infinity Inc.

(3) 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.

(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 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.

- (5) 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.
- (6) 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.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) 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.
- (11) Deemed interested by virtue of his direct interest of over 20% equity interest in Rise Business Inc. which in turn holds shares in SHIB.
- (12) Assuming a maximum number of 833,333,333 Conversion Shares which has been approved by Bursa Securities and the shareholders of the Company at the EGM are issued pursuant to the Notes Issue with the effect of the Proposed Variation.

It is expected that there will be no change in the Company's controlling shareholder pursuant to the Notes Issue as there will be no conversion of Notes by the Subscriber and/or Noteholder(s) to transfer a controlling interest in the Company such that the Subscriber and/or Noteholder(s), as the case may be, become a controlling shareholder of the Company without the prior approval of the Company's shareholders, nor to hold more than 10% interest in the issued share capital of the Company, at any time and from time to time, without the Company's prior approval. In addition, the Conversion Shares are expected to be sold down via the open market on a progressive basis, in tandem with the progressive subscription and conversion of the Notes.

4.4 Earnings and EPS

The Proposed Variation is not expected to have any material effect on the earnings of the Group for financial year ended 2019.

Notwithstanding to the above, the Notes Issue with the effect of the Proposed Variation is expected to contribute positively to the earnings of the Group in the future financial years when the benefits of the utilisation of proceeds from the Notes Issue are realised.

Subject to the future earnings of the Group, its EPS may be diluted in the future financial years as a result of the increase in its total number of issued shares arising from the conversion of the Notes into Conversion Shares.

4.5 Convertible Securities

As at the LPD, the Company does not have any other existing convertible securities.

5. APPROVALS REQUIRED

The Proposed Variation is subject to the following approvals being obtained:

- (i) the shareholders of SHIB at the forthcoming extraordinary general meeting to be convened; and
- (ii) any other relevant authorities or parties, if required.

The Proposed Variation is not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

6. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below and the Proposed Variation, there are no other corporate exercises which have been announced by the Company but have yet to be completed as at the LPD:

- (i) Notes Issue which was approved by the shareholders of the Company at the EGM. The first sub-tranche of Tranche 1 Notes is expected to be issued in the fourth (4th) quarter of 2019; and
- (ii) Proposed TPI Acquisition and Proposed Wavetree Acquisition (as defined in the Previous Circular) which were announced by the Company on 3rd April 2019. The Proposed TPI Acquisition and Proposed Wavetree Acquisition are expected to be completed in the fourth (4th) quarter of 2019.

For information purposes, the Proposed Bistromalones Acquisition (as defined in the Previous Circular) has been completed as announced by the Company on 15 October 2019.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of SHIB or persons connected with them have any interest, direct and/or indirect, in the Proposed Variation.

8. DIRECTOR'S STATEMENT

The Board, after having considered all aspects of the Proposed Variation, is of the opinion that the Proposed Variation is in the best interest of the Company.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Board expects the Proposed Variation to be completed in the first (1st) quarter of 2020.

10. DOCUMENTS FOR INSPECTION

The Supplemental Agreement is available for inspection by the Company's shareholders at its registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal office hours from Monday to Friday (except public holidays) from the date of this announcement.

This announcement is dated 11 November 2019.

SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

	Salient terms of the Subscription Agreement	Proposed Variation
Issue size	<p>Up to RM150 million principal amount in aggregate, divided into three (3) tranches, namely:</p> <p>(i) Tranche 1 of RM50 million comprising 10 equal sub-tranches of RM5 million each;</p> <p>(ii) Tranche 2 of RM50 million comprising 10 equal sub-tranches of RM5 million each;</p> <p>(iii) Tranche 3 of RM50 million comprising 5 equal sub-tranches of RM10 million each; and</p> <p>The issuance of Tranche 2 Notes and Tranche 3 Notes shall be at the option of the Company, in accordance with the terms and conditions of the Subscription Agreement.</p>	<p>Up to RM150 million principal amount in aggregate, divided into three (3) tranches, namely:</p> <p>(i) Tranche 1 of RM50 million comprising <u>50</u> equal sub-tranches of <u>RM1 million</u> each;</p> <p>(ii) Tranche 2 of RM50 million comprising <u>50</u> equal sub-tranches of <u>RM1 million</u> each;</p> <p>(iii) Tranche 3 of RM50 million comprising <u>50</u> equal sub-tranches of <u>RM1 million</u> each; and</p> <p>The issuance of Tranche 2 Notes and Tranche 3 Notes shall be at the option of the Company, in accordance with the terms and conditions of the Subscription Agreement.</p>
Conversion Limit	Nil	<p><u>“Conversion Limit” shall mean an aggregate of 833,333,333 new Shares to be issued pursuant to the conversion of the Notes or such other number of new Shares to be issued which may be approved by Bursa Securities and shareholders of the Company.</u></p>

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SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT
(cont'd)

	Salient terms of the Subscription Agreement	Proposed Variation
Conversion terms	<p>Each Noteholder has the right to convert any Notes ("Conversion Right") into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the holder thereof.</p> <p>The number of Conversion Shares to which a Noteholder is entitled on conversion of the Notes shall be determined by dividing the aggregate nominal value of the Notes held by the Noteholder with the applicable Conversion Price, determined in effect on the relevant Conversion Date (as defined below). Fractions of a Conversion Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof.</p> <p>The Notes will be issued in multiples of RM50,000, and the Noteholder is required to convert the Notes in multiples of RM50,000 should they wish to convert a particular sub-tranche of the Notes.</p>	<p>Each Noteholder has the right to convert any Notes ("Conversion Right") into duly authorised, validly issued, fully-paid and unencumbered Shares, at the option of the holder thereof.</p> <p>The number of Conversion Shares to which a Noteholder is entitled on conversion of the Notes shall be determined by dividing the aggregate nominal value of the Notes held by the Noteholder with the applicable Conversion Price, determined in effect on the relevant Conversion Date (as defined below) <u>provided that the aggregate number of Shares arising from the conversion of the Notes shall not exceed the Conversion Limit</u>. Fractions of a Conversion Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof.</p> <p><u>A Noteholder who is and/or maybe in his absolute opinion unable to exercise his right of conversion of existing Notes held and/or prospective Notes to be subscribed under the terms and conditions of Notes by virtue of the Conversion Limit shall be entitled to submit a notice in writing to the Company requesting the Company to, as soon as practicable upon receipt of such notice and at its own cost, use all reasonable endeavors to procure necessary approvals and/or consents of Bursa Securities, shareholders of the Company or any other regulatory authorities to enable the issuance of Shares in excess of the Conversion Limit to such Noteholder upon the exercise of his right of conversion under the terms and conditions of Notes.</u></p> <p>The Notes will be issued in multiples of RM50,000, and the Noteholder is required to convert the Notes in multiples of RM50,000 should they wish to convert a particular sub-tranche of the Notes.</p>
Conversion price	<p>The price at which each Conversion Share shall be issued upon conversion of the Notes ("Conversion Price") shall be:</p> <p>(i) in respect of Tranche 1 Notes, 85% of the average closing price per Share on any three (3) consecutive market days as selected by the</p>	<p>The price at which each Conversion Share shall be issued upon conversion of the Notes ("Conversion Price") shall be:</p> <p>(i) in respect of Tranche 1 Notes, 85% of the average closing price per Share on any three (3) consecutive market days as selected by the</p>

SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT
(cont'd)

	Salient terms of the Subscription Agreement	Proposed Variation
	<p>Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which SHIB Shares were traded on the Main Market of Bursa Securities;</p> <p>(ii) in respect of Tranche 2 Notes, 88% of the average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which SHIB Shares were traded on Bursa Securities;</p> <p>(iii) in respect of Tranche 3 Notes, 90% of the average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which SHIB Shares were traded on Bursa Securities; and</p> <p>provided always that the Conversion Price is not less than RM0.18, being the minimum Conversion Price for the Notes ("Minimum Conversion Price" or "MCP"). If the Conversion Price for each Conversion Share calculated in accordance with the conditions (i) to (iii) above is less than the Minimum Conversion Price, the Conversion Price for each Conversion Share shall be equal to the Minimum Conversion Price.</p> <p>Notwithstanding any other provisions to the contrary, in the event that the three (3) business days as selected by the relevant Noteholder were not consecutive business days, the three (3) business days selected shall be deemed consecutive in nature for the purposes of calculating the Conversion Price, provided that:</p> <p>(a) those consecutive business days that ought to have been selected (to constitute consecutive) were not selected as that they were business days where no trades were done on the Shares on the Main Market of Bursa Securities; and</p>	<p>Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which SHIB Shares were traded on the Main Market of Bursa Securities;</p> <p>(ii) in respect of Tranche 2 Notes, 88% of the average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which SHIB Shares were traded on Bursa Securities;</p> <p>(iii) in respect of Tranche 3 Notes, 90% of the average closing price per Share on any three (3) consecutive market days as selected by the Noteholder(s) during the thirty (30) market days immediately preceding the relevant conversion date on which SHIB Shares were traded on Bursa Securities; and</p> <p>provided always that the Conversion Price is not less than <u>RM0.10</u>, being the minimum Conversion Price for the Notes ("Minimum Conversion Price" or "MCP"). If the Conversion Price for each Conversion Share calculated in accordance with the conditions (i) to (iii) above is less than the Minimum Conversion Price, the Conversion Price for each Conversion Share shall be equal to the Minimum Conversion Price.</p> <p>Notwithstanding any other provisions to the contrary, in the event that the three (3) business days as selected by the relevant Noteholder were not consecutive business days, the three (3) business days selected shall be deemed consecutive in nature for the purposes of calculating the Conversion Price, provided that:</p> <p>(a) those consecutive business days that ought to have been selected (to constitute consecutive) were not selected as that they were business days where no trades were done on the Shares on the Main Market of Bursa Securities; and</p>

SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT
(cont'd)

	Salient terms of the Subscription Agreement	Proposed Variation
	<p>(b) the first (1st) business day immediately thereafter where there were trading in the Shares were selected as a business day in their stead.</p> <p>If, during any period in which the Conversion Price is being determined, the Company shall, amongst other, (i) make a stock split, (ii) consolidate its outstanding Shares into a smaller number of shares, or (iii) re-classify any of its Shares into other securities of the Company, such that the closing price per Share before and after such event does not represent the same economic and financial participation that a holder of a Share would have had without the occurrence of such an event, then the closing price of the Shares for the business days preceding such event shall, for the purposes of such determination be adjusted to reflect the impact of such an event in such a manner as an independent reputable bank (such as but not limited to Bloomberg L.P.) or a reputable firm of investment advisers licensed by the SC would.</p> <p>Such bank or firm may be agreed between the Company and the Noteholders or, if not so agreed, the Company and the Noteholders shall agree to a bank or firm as nominated by the Malaysia Institute of Accountants which it deems is fair and reasonable to make such changes to the closing price.</p>	<p>(b) the first (1st) business day immediately thereafter where there were trading in the Shares were selected as a business day in their stead.</p> <p>If, during any period in which the Conversion Price is being determined, the Company shall, amongst other, (i) make a stock split, (ii) consolidate its outstanding Shares into a smaller number of shares, or (iii) re-classify any of its Shares into other securities of the Company, such that the closing price per Share before and after such event does not represent the same economic and financial participation that a holder of a Share would have had without the occurrence of such an event, then the closing price of the Shares for the business days preceding such event shall, for the purposes of such determination be adjusted to reflect the impact of such an event in such a manner as an independent reputable bank (such as but not limited to Bloomberg L.P.) or a reputable firm of investment advisers licensed by the SC would.</p> <p>Such bank or firm may be agreed between the Company and the Noteholders or, if not so agreed, the Company and the Noteholders shall agree to a bank or firm as nominated by the Malaysia Institute of Accountants which it deems is fair and reasonable to make such changes to the closing price.</p>

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