

SINOTOP HOLDINGS BERHAD (“SINOTOP” OR THE “COMPANY”)

PROPOSED ACQUISITION BY SINOTOP OF 51% EQUITY INTEREST IN TELEVISION AIRTIME SERVICES SDN BHD (“TAS”) (“PROPOSED SHARES ACQUISITION”)

We refer to our announcements dated 23 April 2020, 28 April 2020 and 5 May 2020 in relation to the Proposed Shares Acquisition (“**Announcements**”). Unless stated otherwise, definitions used in this announcement shall carry the same meanings as defined in the Announcements.

The Board wishes to announce that on 8 May 2020, the Company, the Vendor and TAS had entered into a shareholders’ agreement (“**SHA**”) for the purpose of regulating their relation with each other and of the affairs of and their dealings with TAS. The SHA shall take effect on the date of completion of the SSA (“**Completion**”). The salient terms of the SHA are set out in Appendix I of this announcement.

The Board also wishes to announce that on 6 May 2020, the Company and the Vendor had executed a supplemental letter to vary certain terms and conditions of the SSA (“**Supplemental Letter**”) as follow:

- (i) The Condition Precedent relating to obtaining the Proposed TAS Borrowing (which stated in Section 2.1.4(b) of our announcement dated 23 April 2020) and relating to Nabil Bin Abdullah’s transfer of his one (1) TAS Share to the Vendor (which stated in Section 2.1.4(e) of our announcement dated 23 April 2020) are both hereby converted into conditions subsequent to Completion, to be fulfilled by the respective parties within three (3) months (or any other period agreed in writing by the parties) after Completion;
- (ii) The relationship of the Company and the Vendor in TAS shall be governed by the duly executed SHA;
- (iii) In the event that the Financier requires the Proposed TAS Borrowing to be guaranteed, the following conditions shall apply:
 - (a) each of the Vendor and the Company shall provide their respective guarantee in favour of the Financier, to guarantee the repayment of the Proposed TAS Borrowing in proportion with their respective shareholding in TAS; and
 - (b) the Company shall only provide its corporate guarantee after Completion i.e. after TAS has become a subsidiary of the Company.

This announcement is dated 8 May 2020.

APPENDIX I – SALIENT TERMS OF THE SHA

1. Effective date of agreement

The SHA shall be conditional upon the SSA and shall take effect on the Completion as defined in the SSA.

2. Composition of board of directors

- 2.1 Unless otherwise agreed in writing by the Purchaser, the Vendor and TAS hereto, the board of directors of TAS shall comprise of five (5) members, as follows: -

	Shareholder	No. of directors on the board of directors
(a)	Purchaser	Three (3)
(b)	Vendor	Two (2)

- 2.2 The quorum for all meetings of the board of directors of TAS shall be two (2) directors, at least one (1) of whom must be the director nominated by the Purchaser and the other being one (1) director nominated by the Vendor.

- 2.3 The Vendor and the Purchaser further agree that upon the transfer of the Sale Shares to the Purchaser pursuant to the SSA, the Purchaser shall be the party entitled to nominate the persons to be appointed as directors to represent the interest of TAS on the board of directors of DVSB provided that at least one (1) among those directors shall be the Vendor or his nominee.

3. Resolutions of TAS

No business of TAS shall be transacted at any general meeting of shareholders unless a quorum which shall include both the Purchaser and the Vendor or its respective representative or proxy is present at the commencement of the meeting nor shall any resolution of TAS be passed unless the Vendor votes in favour of such resolution.

4. Pre-emption rights

- 4.1 If the Purchaser or the Vendor wishes to sell his shares ("**Selling Shareholder**"), he shall serve a written notice on the Vendor or the Purchaser (as the case may be) ("**Other Shareholder**") to request the Other Shareholder to purchase all but not part only of the Selling Shareholder's shares in TAS at the Prescribed Price ("**Selling Notice**").
- 4.2 Prescribed Price means the price of the shares of TAS at the material time, calculated at a price-to-earnings (PE) ratio of six (6) times based on the latest annual audited accounts of TAS or the net tangible assets of TAS based on the latest annual audited accounts of TAS whichever shall be the higher.
- 4.3 In the event that the Other Shareholder declines the Selling Shareholder's offer for his shares, then the Selling Shareholder shall be entitled to sell his shares to any third party, excluding Nabil bin Abdullah, at a price not less than the Prescribed Price and on terms not more favourable to that third party compared to the terms offered by the Selling Shareholder to the Other Shareholder.

5. Deadlock

- 5.1 Whenever a matter is submitted to the board of directors or to the shareholders pursuant to any of the matters as referred to in Schedule 1 of SHA and that meeting (as the case may be) is unable to arrive at a decision on the matter by reason of (a) disagreement or (b) deferment of a board of directors or shareholders meeting due to lack of quorum for two (2) consecutive times, then a deadlock shall be deemed to have occurred in relation to that matter. In the event of a deadlock which is incapable of being resolved and which would prevent TAS from continuing to carry on the ICT business of data analytics and software development, including e-payment systems and the MyPay and e-Jamin applications, the Purchaser and the Vendor shall in good faith negotiate to settle the dispute.
- 5.2 In the event of a deadlock arising which is incapable of being resolved by negotiation within thirty (30) days from the date of the deadlock event as provided for in this Clause, either the Vendor or the Purchaser may serve a written notice on the other to request the other to purchase all but not part only of the Vendor's or the Purchaser's shares (as the case may be) in TAS at the Prescribed Price.

6. Financing

- 6.1 After the execution of the SHA, the Vendor and the Purchaser shall use their best endeavours to procure from a financial institution(s) the proposed borrowing by TAS of RM12,000,000 only ("**Proposed TAS Borrowing**"), to assist the TAS to meet its payment obligations under TAS-HTP SPA to acquire shares in DVSB. The Purchaser undertakes in favour of the Vendor, that the Purchaser shall source for additional funding to meet the total purchase consideration under the TAS-HTP SPA in accordance with the deadlines in that agreement.
- 6.2 In the event that the Vendor and the Purchaser shall fail to procure the Proposed TAS Borrowing or the relevant drawdown by the Cut-off Date, then the Purchaser shall have the option, at any time after the Sale Shares have been transferred to the Purchaser, to advance an amount in cash to TAS by way of shareholder advances to assist TAS to meet its payment obligation under the TAS-HTP SPA, subject to the terms and conditions to be agreed upon between the parties.