

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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CN ASIA CORPORATION BHD

(Company No.: 399442-A)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED DISPOSAL BY CHIP NGAI ENGINEERING WORKS SDN BHD AND DOUWIN SDN BHD, BOTH WHOLLY-OWNED SUBSIDIARIES OF CN ASIA CORPORATION BHD OF TWO (2) PARCELS OF LEASEHOLD LAND HELD UNDER H.S.(M)20480 (PT NO. 17040) AND H.S.(M)20479 (PT NO. 17041), TEMPAT JALAN BALAKONG, SERDANG, MUKIM AND DISTRICT OF PETALING, STATE OF SELANGOR TOGETHER WITH BUILDINGS AND AMENITIES ERECTED THEREON TO LTK PROPERTIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF LTKM BERHAD, FOR A TOTAL CASH CONSIDERATION OF RM36,682,500

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



M&A SECURITIES SDN BHD (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("EGM") of CN Asia Corporation Bhd ("CN Asia" or "Company") will be held at Meeting Room 1, UG Level, Hotel ibis Styles Kuala Lumpur Cheras, Jalan C180/1, Dataran C180, 43200 Cheras, Selangor Darul Ehsan on Monday, 5 September 2016 at 10.00 a.m. or any adjournment thereof. The Notice of the EGM of CN Asia together with the Form of Proxy are enclosed in this Circular.

The Form of Proxy must be completed and deposited at the office of the Company's registered office at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Saturday, 3 September 2016 at 10.00 a.m.
Date and time of the EGM : Monday, 5 September 2016 at 10.00 a.m.

This Circular is dated 19 August 2016

DEFINITIONS

In this Circular, unless otherwise indicated, the following words and abbreviations shall have the following meanings:-

"Act"	:	The Companies Act, 1965 as amended from time to time and any re-enactment thereof
"Board"	:	Board of Directors of CN Asia
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Chip Ngai"	:	Chip Ngai Engineering Works Sdn Bhd, a wholly-owned subsidiary of CN Asia
"Circular"	:	This circular to shareholders of CN Asia dated 19 August 2016
"CN Asia" or the "Company"	:	CN Asia Corporation Bhd
"CN Asia Group" or "Group"	:	CN Asia and its subsidiaries
"Disposal Consideration 1"	:	The total cash disposal consideration of RM21,856,200 for Parcel 1
"Disposal Consideration 2"	:	The total cash disposal consideration of RM14,826,300 for Parcel 2
"Douwin"	:	Douwin Sdn Bhd, a wholly-owned subsidiary of CN Asia
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per Share
"FYE"	:	Financial year ended or financial year ending, as the case may be
"Henry Butcher" or "Valuer"	:	Henry Butcher Malaysia (Sel) Sdn Bhd, the independent registered valuer appointed by the Company
"LAT"	:	Loss after taxation
"LPD"	:	16 August 2016, being the latest practicable date prior to the printing and despatch of this Circular
"LPS"	:	Loss per Share
"LTK Properties" or "Purchaser"	or	LTK Properties Sdn Bhd, a wholly-owned subsidiary of LTKM Berhad
"M&A Securities"	:	M&A Securities Sdn Bhd
"NA"	:	Net assets
"Parcel 1"	:	A parcel of leasehold land measuring approximately 9,669 sqms held under H.S.(M)20480, PT No. 17040, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with one (1)-storey steel frame structure annexed with two (2)-storey office, one (1)-storey steel frame structure detached factory, a five (5)-storey office building and a single storey temporary shed

DEFINITIONS (CONT'D)

"Parcel 2"	:	A parcel of leasehold land measuring approximately 6,559 sqms held under H.S.(M)20479, PT No. 17041, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with two (2) single storey temporary sheds
"PAT"	:	Profit after taxation
"Properties"	:	Collectively, Parcel 1 and Parcel 2
"Proposed Disposals"	:	The proposed disposal by Chip Ngai and Douwin, of two (2) parcels of leasehold land held under H.S.(M)20480 (PT No. 17040) and H.S.(M)20479 (PT No. 17041), Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with buildings and amenities erected thereon to LTK Properties, for a total cash consideration of RM36,682,500
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"RPGT"	:	Real Property Gain Tax
"SPAs"	:	Collectively, SPA 1 and SPA 2
"SPA 1"	:	Conditional sale and purchase agreement dated 13 June 2016 between Chip Ngai and LTK Properties for the disposal of Parcel 1 at the Disposal Consideration 1
"SPA 2"	:	Conditional sale and purchase agreement dated 13 June 2016 between Douwin and LTK Properties for the disposal of Parcel 2 at the Disposal Consideration 2
"sq ft(s)"	:	Square feet(s)
"sqm(s)"	:	Square meter(s)
"Tenancy Agreements"	:	Collectively, Tenancy Agreement 1 and Tenancy Agreement 2
"Tenancy Agreement 1"	:	Tenancy agreement dated 13 June 2016 between Chip Ngai and LTK Properties where Chip Ngai will lease Parcel 1 from the Purchaser for a term of up to 36 months from the date of completion of SPA 1 at the rent of RM22,000 per month
"Tenancy Agreement 2"	:	Tenancy agreement dated 13 June 2016 between Douwin and LTK Properties where Douwin will lease Parcel 2 from the Purchaser for a term of up to 36 months from the date of completion of SPA 2 at the rent of RM8,000 per month
"Total Disposal Consideration"	:	Collectively, Disposal Consideration 1 and Disposal Consideration 2
"Valuation Report"	:	Valuation report on the Properties dated 10 June 2016 prepared by Henry Butcher

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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NOTICE OF EGM**ENCLOSED****FORM OF PROXY****ENCLOSED**



CN ASIA CORPORATION BHD
(Company No. 399442-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Lot 7907
Batu 11, Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan

19 August 2016

Board of Directors:

Dato' Hilmi bin Mohd Noor (*Independent Non-Executive Chairman*)
Ho Cheng San (*Managing Director*)
Angeline Chan Kit Fong (*Executive Director*)
Chong Ying Choy (*Independent Non-Executive Director*)
Lee King Loon (*Independent Non-Executive Director*)
Ariffin bin Khalid (*Non-Independent Non-Executive Director*)

To: The shareholders of CN Asia Corporation Bhd

Dear Sir/Madam,

PROPOSED DISPOSALS

1. INTRODUCTION

On 13 June 2016, M&A Securities had, on behalf of the Company announced that Chip Ngai and Douwin, had entered into the SPAs for the Proposed Disposals and the Tenancy Agreements with LTK Properties.

The purpose of this Circular is to provide you with the details of the Proposed Disposals and to seek your approval for the resolution pertaining to the Proposed Disposals to be tabled at the forthcoming EGM. The Notice of EGM together with the Form of Proxy are enclosed in this Circular.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DISPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSALS

2.1 PROPOSED DISPOSALS

Under the Proposed Disposals, Chip Ngai and Douwin shall dispose the Properties to LTK Properties for a total cash consideration of RM36,682,500, subject to the terms and conditions contained in SPA 1 and SPA 2 respectively.

2.2 Description of the Properties

The Properties are located along Lebuhraya SILK (formerly known as Jalan Balakong), Balakong, Seri Kembangan which is approximately 20 kilometers due south of Kuala Lumpur City Centre. Balakong town centre is located about 1.5 kilometres to the east while Seri Kembangan town centre is situated approximately five (5) kilometres to the west.

Housing developments nearby the Properties include Taman Sungai Besi Indah, The Mines City Resort, Bluwater Estate, Taman Harmoni, Taman Seri Timah, Taman Juara Jaya, Taman Bukit Belimbing and Taman Taming Jaya.

New developments located to the east of the Properties are Amerin Residence, Silk Residence, Silk Sky and Symphony Tower @ Cheras South. Amerin Residence is developed by Capital Trend Asia and comprises 608 units of services apartments with a built-up area ranging from 587 square feet to 1,363 square feet. Silk Residence, Silk Sky and Symphony Tower @ Cheras South are developed by Cheras Hong Soon Development Sdn Bhd.

The structures erected on Parcel 1 include a one (1)-storey steel frame structure annexed with two (2)-storey office, one (1)-storey steel frame structure detached factory, a five (5)-storey office building and a single storey temporary shed. The structures erected on Parcel 2 include two (2) single storey temporary sheds. Both the Properties are currently occupied by CN Asia Group for its business operations.

Details of the Properties are as follows:

	Parcel 1	Parcel 2
Title details	: H.S.(M)20480, PT No. 17040, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor	H.S.(M)20479, PT No. 17041, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor
Registered proprietor	: Chip Ngai	Douwin
Category of land use	: Industrial	Industrial
Existing use	: Manufacturing of tanks, specialised engineering works, fabrication works and as office	Used as an open storage yard
Description of property	: A leasehold land with one (1)-storey steel frame structure annexed with two (2)-storey office, one (1)-storey steel frame structure detached factory, a five (5)-storey office building and a single storey temporary shed	A leasehold land with two (2) single storey temporary sheds

	Parcel 1	Parcel 2
Restriction-in-interest	: "Tanah yang diberimilik ini tidak boleh dijual, dipajak, digadai atau dipindahmilik dengan apa cara sekalipun melainkan dengan kebenaran Pihak Berkuasa Negeri."	"Tanah yang diberimilik ini tidak boleh dijual, dipajak, digadai atau dipindahmilik dengan apa cara sekalipun melainkan dengan kebenaran Pihak Berkuasa Negeri."
Tenure	: 99 years lease expiring on 11 October 2091	99 years lease expiring on 11 October 2091
Approximate age of buildings	: 22 years	-
Land area	: 9,669 sqms	6,559 sqms
Build-up area	: 72,200 sq ft*	-*
Amount of lettable space	: N/A ⁽¹⁾	N/A ⁽¹⁾
Amount of lettable space available for letting and the occupancy	: N/A ⁽¹⁾	N/A ⁽¹⁾
Percentage occupancy	: N/A ⁽¹⁾	N/A ⁽¹⁾
Encumbrances	: Charged in favour of Public Bank Berhad	Charged in favour of Public Bank Berhad
Lease	: A lease in favour of Tenaga Nasional Berhad for a period of 30 years commencing from 28 April 2008 and expiring on 27 April 2038	-
Express conditions	: (i) Tanah yang diberimilik ini hendaklah semata-mata digunakan untuk Perusahaan Ringan. (ii) Pemilik hendaklah mengadakan kebersihan dan mengawal kekotoran-kekotoran udara daripada asap-asap, debu-debu, bau-bau, bahan kimia dan sebagainya yang boleh mengancam kesihatan orang ramai. (iii) Pemilik tidak dibenarkan membuang atau menyalorkan bahan minyak, sampah-sampah sarap, debu-debu, hampas-hampas, bahan-bahan ubat-ubatan yang mengandongi bahan kimia serta beracun yang boleh mengancam kesihatan dan sebagainya kedalam sungai atau parit-parit.	(i) Tanah yang diberimilik ini hendaklah semata-mata digunakan untuk Perusahaan Ringan. (ii) Pemilik hendaklah mengadakan kebersihan dan mengawal kekotoran-kekotoran udara daripada asap-asap, debu-debu, bau-bau, bahan kimia dan sebagainya yang boleh mengancam kesihatan orang ramai. (iii) Pemilik tidak dibenarkan membuang atau menyalorkan bahan minyak, sampah-sampah sarap, debu-debu, hampas-hampas, bahan-bahan ubat-ubatan yang mengandongi bahan kimia serta beracun yang boleh mengancam kesihatan dan

	Parcel 1	Parcel 2
	(iv) Pemilik hendaklah membuat kerja-kerja mencegah nyamok. (v) Pemilik hendaklah menetapkan sekurang-kurangnya 50% daripada pekerja-pekerja yang diambil menjalankan perusahaan ini mestilah orang-orang Bumiputra. (vi) Pemilik hendaklah mematuhi kehendak-kehendak Akta Kualiti Alam Sekeliling 1974 (Environmental Quality Act 1974). (vii) Pelan-pelan bangunan hendaklah diluluskan oleh Pihak Berkuasa Tempatan.	sebagaimana kedalam sungai atau parit-parit. (iv) Pemilik hendaklah membuat kerja-kerja mencegah nyamok. (v) Pemilik hendaklah menetapkan sekurang-kurangnya 50% daripada pekerja-pekerja yang diambil menjalankan perusahaan ini mestilah orang-orang Bumiputra. (vi) Pemilik hendaklah mematuhi kehendak-kehendak Akta Kualiti Alam Sekeliling 1974 (Environmental Quality Act 1974). (vii) Pelan-pelan bangunan hendaklah diluluskan oleh Pihak Berkuasa Tempatan.
Net book value	: RM11,099,625 based on the audited consolidated financial statements of CN Asia for the FYE 31 December 2015	RM2,410,560 based on the audited consolidated financial statements of CN Asia for the FYE 31 December 2015
Date of valuation	: 7 June 2016	7 June 2016
Method of valuation ⁽²⁾	: Comparison method	Comparison method
Market value ⁽²⁾	: RM21,860,000	RM14,830,000

Notes:

* Excludes build-up area of temporary sheds.

(1) Solely occupied by the CN Asia Group as at the LPD.

(2) Extracted from the Valuation Report.

2.3 Basis of the Disposal Consideration

Based on the Valuation Report, the Properties, which consist of two (2) parcels of potential commercial development land, were valued using the comparison method, as other methods of valuation, including the residual method which was not adopted in arriving at the market value of the Properties as no planning approval have been obtained for the development of the Properties.

The comparison method entails analysing recent transactions and asking price of similar property in and around the locality and making adjustments for factors which will affect the value of the Properties.

Parcel 1

Disposal Consideration 1 was arrived at after taking into consideration the market value of Parcel 1 of RM21,860,000 as appraised by Henry Butcher, using the comparison method in the Valuation Report and represents a discount of RM3,800 or 0.02% to the market value of the Parcel 1.

Parcel 2

Disposal Consideration 2 was arrived at after taking into consideration the market value of Parcel 2 of RM14,830,000 as appraised by Henry Butcher, using the comparison method in the Valuation Report and represents a discount of RM3,700 or 0.03% to the market value of the Parcel 2.

Based on the above, the Board is of the view that the Total Disposal Consideration is fair and reasonable.

2.4 Salient terms and conditions of the SPAs and Tenancy Agreements

2.4.1 SPA 1

The salient terms of SPA 1 are as follows:

(a) The SPA 1

Chip Ngai agrees to sell and the Purchaser agrees to purchase Parcel 1 with legal possession and free from all encumbrances but subject to the restrictions in interest (if any) and conditions now or presently expressed or implied on the register document of title at the Disposal Consideration 1.

The sale and purchase of Parcel 1 and the sale and purchase of Parcel 2 are inter-conditional.

(b) Conditions precedent

- (i) The sale and purchase of Parcel 1 is conditional upon the following conditions being fulfilled within three (3) months from the date of SPA 1, or such further period as mutually agreed by both parties ("Conditional Period 1"):
 - (a) Chip Ngai having obtained the letter of consent to transfer Parcel 1 in favour of the Purchaser from the relevant State Authority;
 - (b) Chip Ngai obtaining the shareholders' approval of CN Asia for the sale of Parcel 1; and
 - (c) the Purchaser obtaining the shareholders' approval of LTKM Berhad for the acquisition of Parcel 1.

In the event that any of the conditions precedent of SPA 1 cannot be fulfilled within the Conditional Period 1, SPA 1 shall be deemed to be rescinded and become null and void with neither parties having any claims of whatsoever nature against each other save for antecedent breaches on the date of the written notification from the Purchaser that any of the conditions precedent under SPA 1 cannot be fulfilled, whereupon Chip Ngai's solicitors and the Purchaser's solicitors shall be authorised to refund all monies paid by the Purchaser (together with interest accrued thereon) to the Purchaser within 14 working days from the date of such written notification, save and except in the event that the retention sum has been paid to the Director General of Inland Revenue, the retention sum shall be refunded to the Purchaser in accordance to the terms and conditions of SPA 1.

- (ii) SPA 1 shall only become unconditional upon fulfilment of all the conditions precedent. The date on which SPA 1 becomes unconditional is the date on which all the conditions precedent has been fulfilled in accordance to the terms and conditions of SPA 1 ("Unconditional Date 1").

(c) The purchase price

- (i) The Disposal Consideration 1 shall be paid by the Purchaser in the following manner:
 - (a) Upon the execution of SPA 1, the Purchaser shall pay a sum of RM2,185,620, being a security deposit for the Purchaser's performance of its obligation pursuant to SPA 1 ("Deposit Sum 1") in the following manner:
 - (i) RM655,686, being three percent (3%) of the Disposal Consideration 1 for the purpose of the RPGT chargeable in respect of Parcel 1 in accordance with Section 21B of the Real Property Gains Tax Act 1976 to the Purchaser's Solicitors ("Retention Sum 1"); and
 - (ii) RM1,529,934, being seven percent (7%) of the Disposal Consideration 1 to Chip Ngai's solicitors as stakeholders to be released (together with the interest accrued thereon) to Chip Ngai upon the Unconditional Date 1,

the Deposit Sum 1 shall in the event of the completion of the sale and purchase herein form part payment towards the Disposal Consideration 1.

- (b) Within three (3) months from the Unconditional Date 1 ("Completion Period 1"), the Purchaser shall pay the total balance sum of RM19,670,580, being 90% of the Disposal Consideration 1 ("Balance Disposal Consideration 1") in the form of a banker's draft issued in favour of Chip Ngai to Chip Ngai's Solicitors as stakeholders save and except where the Balance Disposal Consideration 1 is to be utilised to redeem Parcel 1 from the chargee, the payment of the sum equivalent to the redemption sum may be paid directly to the chargee; and (ii) where applicable, the portion of the Balance Disposal Consideration 1 being the differential sum shall be dealt with pursuant to the terms conditions of SPA 1.
- (c) In the event that the Purchaser is unable to pay the Balance Disposal Consideration 1 within the Completion Period 1 for any reason, Chip Ngai shall grant to the Purchaser an extension of two (2) months from the date of expiry of the Completion Period 1 ("Extended Completion Period 1") to pay the Balance Disposal Consideration 1 provided always that the Purchaser shall pay to Chip Ngai interest on the Balance Disposal Consideration 1 or any outstanding balance thereof at the rate of eight percent (8%) per annum calculated on a day to day basis from the first day of the Extended Completion Period 1 until the date of receipt of full payment by Chip Ngai's solicitors. The interest due, if any, shall be paid at the same time as the payment of the Balance Disposal Consideration 1.

- (ii) In the event that any of Chip Ngai and/or Chip Ngai's solicitors are unable to fulfil any of their obligations on or by the date or within the time period stipulated in SPA 1, the number of days delayed beyond the date or time period stipulated therein shall be deemed to be time extended in favour of the Purchaser free of interest and the Completion Period 1 or Extended Completion Period 1 shall then be extended accordingly free of interest to compensate for the period of delay utilised.

(d) Private caveat

The Purchaser and/or the Purchaser's financier shall be entitled at its own costs and expenses to present and register a private caveat against Parcel 1 for the purpose of protecting the Purchaser's and/or Purchaser's financier's interests in Parcel 1 and prohibiting any dealings by Chip Ngai in Parcel 1 prior to the completion or lawful termination of SPA 1. In the event of such termination of SPA 1, the Purchaser shall at its own cost and expense withdraw its private caveat on Parcel 1 in accordance with the provision herein and for that purpose the Purchaser shall simultaneously with the execution of SPA 1, deposit with the Purchaser's solicitors the duly executed (in escrow) instrument of withdrawal of private caveat together with requisite registration fees and the Purchaser's solicitors are hereby authorised by the Purchaser to use the said form to withdraw the private caveat upon termination of the SPA 1 in accordance with the provisions therein. In the event any private caveat is presented by the financier, the Purchaser shall cause such caveat to be withdrawn at the Purchaser's expense upon termination of SPA 1 in accordance with the provisions therein.

(e) Purchaser's default / breach

In the event that the Purchaser fails, refuses or neglects to pay the Balance Disposal Consideration 1 and/or the Purchaser commits a fundamental breach of SPA 1, Chip Ngai shall be entitled to terminate SPA 1 by a notice in writing and the Deposit Sum 1 paid by the Purchaser (together with interest accrued thereon) shall be forfeited to Chip Ngai absolutely as agreed liquidated damages and whereupon the provisions in accordance to the SPA 1.

(f) Vendor's default / breach

In the event that Chip Ngai fails, neglects or refuses to complete the sale and purchase of Parcel 1 in accordance with the provisions of SPA 1 and/or Chip Ngai commits a fundamental breach of SPA 1 (and without prejudice to any other remedy available to the Purchaser at law and subject to the provisions of such law), the Purchaser shall be entitled to as follows:

- (i) the remedy of specific performance against Chip Ngai; or
- (ii) to terminate SPA 1 and in which event Chip Ngai shall pay to the Purchaser a sum equivalent to the Deposit Sum 1 as agreed liquidated damages and whereupon the provisions of the SPA 1 shall apply.

(g) Presentation and non-registration of transfer

- (i) In the event that the transfer of Parcel 1 in favour of the Purchaser is suspended or rejected by the relevant Land Registry/Office for any reason which is not otherwise attributable to a default of Chip Ngai (in which case clause set out in 2.4.1(f) shall apply) or a default of the Purchaser (in which case clause set out in Section 2.4.1(e) shall apply), both Chip Ngai and the Purchaser shall use their best endeavours to rectify any defect or inadequacy as soon as possible after receiving notice thereof and where the same cannot be rectified by the parties within 30 days after receiving notice thereof, and

where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties hereto, then either party shall be entitled to terminate SPA 1 by written notice to the other party.

- (ii) Notwithstanding that the transfer of Parcel 1 has been registered, in the event that the transfer of the Parcel 2 is rejected for registration by the relevant authorities where there is no default, willful neglect, omission or blameworthy conduct on the part of the parties thereof resulting in either of the parties exercising its rights to terminate SPA 2, the Purchaser shall re-transfer Parcel 1 to Chip Ngai and the cost and expense related thereto shall be borne by the Purchaser.
- (iii) The transfer of the Parcel 1 and the memorandum of transfer (as prescribed by the National Land Code) in respect of the sale and purchase of Parcel 2 shall be presented simultaneously at the relevant land registry/office for registration.

(h) Termination of agreement

- (i) In the event of a termination of SPA 1, the following provisions shall apply notwithstanding any provision to the contrary, express or implied:
 - (a) within 14 days from the date of termination of SPA 1, Chip Ngai shall refund or cause to be refunded (together with the interest accrued thereon) all sums paid by the Purchaser towards the account of the Disposal Consideration 1 pursuant to the provisions of SPA 1 (save and except for the Retention Sum 1 that shall be dealt with pursuant to (b) below and the Deposit Sum 1 that shall be forfeited to Chip Ngai, in the case of a termination of SPA 1 by Chip Ngai pursuant to a default of the Purchaser (as set out in Section 2.4.1(e));
 - (b) within seven (7) working days from Chip Ngai's receipt of refund of the Retention Sum 1 from the Director General of Inland Revenue, Chip Ngai shall refund the Retention Sum 1 to the Purchaser, free from all interest; and
 - (c) within 14 days from the date of termination of SPA 1, the Purchaser shall at its own cost and expense:
 - (i) redeliver or caused to be redelivered to Chip Ngai the security documents and/or all other relevant documents that may have been forwarded by Chip Ngai to the Purchaser, the Purchaser's financier or the Purchaser's solicitors prior to the termination of SPA 1 with Chip Ngai's interest intact;
 - (ii) if at this stage, the Purchaser has taken vacant possession of Parcel 1, then the Purchaser shall redeliver vacant possession of Parcel 1 substantially in condition that the Purchaser has taken it (fair wear and tear excepted); and
 - (iii) withdraw or caused to be withdrawn any private caveat that the Purchaser or the Purchaser's financier may have lodged over Parcel 1.

provided that in the event that the stamp duty has been paid on the transfer, the Purchaser's solicitors shall be entitled to retain the Transfer for or in connection with obtaining a refund of stamp duty as may then have been paid on the transfer and in such event, the Purchaser's solicitors shall return the transfer to Chip Ngai after the refund of the stamp duty paid thereon provided further that in the event that there is any sum to be refunded pursuant to paragraph (a) above by Chip Ngai and/or payment of the liquidated damages by Chip Ngai in the case of a termination of SPA 1 by the Purchaser, the Purchaser's obligation herein shall be concurrent with that of Chip Ngai in respect of such refund and/or payment, and whereupon SPA 1 shall be treated as null and void and cease to have any further effect and neither parties hereto shall have any further claim against the other save and except as provided in (iii) below.

- (ii) In the event that Chip Ngai shall fail, neglect or refuse to refund any monies required to be refunded to the Purchaser in accordance with the terms herein, Chip Ngai shall be additionally liable to pay to the Purchaser as agreed liquidated damages a sum equivalent to interest at the rate of eight percent (8%) per annum on the sum to be refunded calculated on a day to day basis from the due date of such refund until the date of receipt of the full refund by the Purchaser.
- (iii) Upon the lawful termination of SPA 1, neither party shall have any further obligations under SPA 1 to the other party other than:
 - (a) their respective obligations which are to be performed upon the lawful termination of SPA 1;
 - (b) any obligation which is expressed to survive the termination of SPA 1; and
 - (c) any rights or obligations which have accrued to any party in respect of any breach of any of the provisions of SPA 1 prior to such termination.
- (iv) Upon fulfilment of the above, Chip Ngai shall be at liberty to resell or deal with Parcel 1 as Chip Ngai shall see fit without having to account to the Purchaser for any profit made on such resale and the provisions of SPA 1 shall be null and void and cease to have any further force or effect and neither party shall be entitled to any claim from the other save and except for antecedent breach.

(i) Conditional upon SPA 2

- (i) The completion of the sale and purchase of Parcel 1 pursuant to SPA 1 is subject to the completion of the sale and purchase of Parcel 2 pursuant to SPA 2.
- (ii) In the event of a termination of SPA 2 for any reasons due to Douwin's default or completion of the SPA 2 does not take place for any reasons due to Douwin's default, the Purchaser shall be entitled to either:
 - (a) terminate SPA 1 and in which event Chip Ngai shall pay to the Purchaser a sum equivalent to the Deposit Sum 1 as agreed liquidated damages and pay for all the cost and expense to re-transfer Parcel 1 to Chip Ngai if the transfer of Parcel 1 has been registered in favour of the Purchaser and whereupon the provisions of the SPA 1 shall apply; or
 - (b) continue with SPA 1.

- (iii) In the event of a termination of SPA 2 or completion of the sale and purchase agreement for the Parcel 2 does not take place where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties thereto, then either party shall be entitled to terminate SPA 1 by written notice to the other party whereupon the provision of the SPA 1 shall apply.

2.4.2 SPA 2

The salient terms of SPA 2 are as follows:

(a) The SPA 2

Douwin agrees to sell and the Purchaser agrees to purchase Parcel 2 with legal possession and free from all encumbrances but subject to the restrictions in interest (if any) and conditions now or presently expressed or implied on the register document of title at the Disposal Consideration 2.

The sale and purchase of Parcel 1 and the sale and purchase of Parcel 2 are inter-conditional.

(b) Conditions precedent

- (i) The sale and purchase of Parcel 2 is conditional upon the following conditions being fulfilled within three (3) months from the date of SPA 2, or such further period as mutually agreed by both parties ("Conditional Period 2"):
 - (a) Douwin having obtained the letter of consent to transfer Parcel 2 in favour of the Purchaser from the relevant State Authority;
 - (b) Douwin obtaining the shareholders' approval of CN Asia for the sale of Parcel 2; and
 - (c) the Purchaser obtaining the shareholders' approval of LTKM Berhad for the acquisition of Parcel 2.

In the event that any of the conditions precedent of SPA 2 cannot be fulfilled within the Conditional Period 2, SPA 2 shall be deemed to be rescinded and become null and void with neither parties having any claims of whatsoever nature against each other save for antecedent breaches on the date of the written notification from the Purchaser that any of the condition precedent under SPA 2 cannot be fulfilled, whereupon Douwin's solicitors and the Purchaser's solicitors shall be authorised to refund all monies paid by the Purchaser (together with interest accrued thereon) to the Purchaser within 14 working days from the date of such written notification, save and except in the event that the retention sum has been paid to the Director General of Inland Revenue, the retention sum shall be refunded to the Purchaser in accordance to the terms and conditions of SPA 2.

- (ii) SPA 2 shall only become unconditional upon fulfillment of all the conditions precedent. The date on which SPA 2 becomes unconditional is the date on which the all conditions precedent has been fulfilled in accordance to the terms and conditions of SPA 2 ("Unconditional Date 2").

(c) The purchase price

(i) The Disposal Consideration 2 shall be paid by the Purchaser in the following manner:

(a) Upon the execution of SPA 2, the Purchaser shall pay a sum of RM1,482,630, being a security deposit for the Purchaser's performance of its obligation pursuant to SPA 2 ("Deposit Sum 2") in the following manner:

(i) RM444,789, being three percent (3%) of the Disposal Consideration 2 for the purpose of the RPGT chargeable in respect of Parcel 2 in accordance with Section 21B of the Real Property Gains Tax Act 1976 to the Purchaser's Solicitors ("Retention Sum 2"); and

(ii) RM1,037,841, being seven percent (7%) of the Disposal Consideration 2 to Douwin's solicitors as stakeholders to be released (together with the interest accrued thereon) to Douwin upon the Unconditional Date 2,

the Deposit Sum 2 shall in the event of the completion of the sale and purchase herein form part payment towards the Disposal Consideration 2.

(b) Within three (3) months from the Unconditional Date 2 ("Completion Period 2"), the Purchaser shall pay the total balance sum of RM13,343,670, being 90% of the Disposal Consideration 2 ("Balance Disposal Consideration 2") in the form of a banker's draft issued in favour of Douwin to Douwin's solicitors as stakeholders save and except where the Balance Disposal Consideration 2 is to be utilised to redeem Parcel 2 from the chargee, the payment of the sum equivalent to the redemption sum may be paid directly to the chargee; (ii) and where applicable, the portion of the Balance Disposal Consideration 2 being the differential sum shall be dealt with pursuant to the terms and conditions of SPA 2.

(c) In the event that the Purchaser is unable to pay the Balance Disposal Consideration 2 within the Completion Period 2 for any reason, Douwin shall grant to the Purchaser an extension of two (2) months from the date of expiry of the Completion Period 2 ("Extended Completion Period 2") to pay the Balance Disposal Consideration 2 provided always that the Purchaser shall pay to Douwin interest on the Balance Disposal Consideration 2 or any outstanding balance thereof at the rate of eight percent (8%) per annum calculated on a day to day basis from the first day of the Extended Completion Period 2 until the date of receipt of full payment by Douwin's solicitors. The interest due, if any, shall be paid at the same time as the payment of the Balance Disposal Consideration 2.

(ii) In the event that any of Douwin and/or Douwin's solicitors are unable to fulfill any of their obligations on or by the date or within the time period stipulated in SPA 2, the number of days delayed beyond the date or time period stipulated therein shall be deemed to be time extended in favour of the Purchaser free of interest and the Completion Period 2 or Extended Completion Period 2 shall then be extended accordingly free of interest to compensate for the period of delay utilised.

(d) Private caveat

The Purchaser and/or the Purchaser's financier shall be entitled at its own costs and expenses to present and register a private caveat against Parcel 2 for the purpose of protecting the Purchaser's and/or Purchaser's financier's interests in Parcel 2 and prohibiting any dealings by Douwin in Parcel 2 prior to the completion or lawful termination of SPA 2. In the event of such termination of SPA 2, the Purchaser shall at its own cost and expense withdraw its private caveat on Parcel 2 in accordance with the provision herein and for that purpose the Purchaser shall simultaneously with the execution of SPA 2, deposit with the Purchaser's solicitors the duly executed (in escrow) instrument of withdrawal of private caveat together with requisite registration fees and the Purchaser's solicitors are hereby authorised by the Purchaser to use the said form to withdraw the private caveat upon termination of the SPA 2 in accordance with the provisions therein. In the event any private caveat is presented by the financier, the Purchaser shall cause such caveat to be withdrawn at the Purchaser's expense upon termination of SPA 2 in accordance with the provisions therein.

(e) Purchaser's default / breach

In the event that the Purchaser fails, refuses or neglects to pay the Balance Disposal Consideration 2 and/or the Purchaser commits a fundamental breach of SPA 2, Douwin shall be entitled to terminate the SPA 2 by a notice in writing and the Deposit Sum 2 paid by the Purchaser (together with interest accrued thereon) shall be forfeited to Douwin absolutely as agreed liquidated damages and whereupon the provisions in accordance to the SPA 2.

(f) Vendors' default / breach

In the event that Douwin fails, neglects or refuses to complete the sale and purchase of Parcel 2 in accordance with the provisions of the SPA 2 and/or Douwin commits a fundamental breach of the SPA 2 (and without prejudice to any other remedy available to the Purchaser at law and subject to the provisions of such law), the Purchaser shall be entitled to as follows:

- (i) the remedy of specific performance against Douwin; or
- (ii) to terminate SPA 2 and in which event Douwin shall pay to the Purchaser a sum equivalent to the deposit sum as agreed liquidated damages and whereupon the provisions of the SPA 2 shall apply.

(g) Presentation and non-registration of transfer

- (i) In the event that the transfer of Parcel 2 in favour of the Purchaser is suspended or rejected by the relevant Land Registry/Office for any reason which is not otherwise attributable to a default of Douwin (in which case the clause set out in 2.4.2(f) shall apply) or a default of the Purchaser (in which case to the clause set out in Section 2.4.2(e) shall apply), both Douwin and the Purchaser shall use their best endeavours to rectify any defect or inadequacy as soon as possible after receiving notice thereof and where the same cannot be rectified by the parties within 30 days after receiving notice thereof, and where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties hereto, then either party shall be entitled to terminate SPA 2 by written notice to the other party.

- (ii) Notwithstanding that the transfer of Parcel 2 has been registered, in the event that the transfer of Parcel 1 is rejected for registration by the relevant authorities where there is no default, willful neglect, omission or blameworthy conduct on the part of the parties thereof resulting in either of the parties exercising its rights to terminate SPA 1, the Purchaser shall re-transfer Parcel 2 to the Douwin and the cost and expense related thereto shall be borne by the Purchaser.
- (iii) The transfer of the Parcel 2 and the memorandum of transfer (as prescribed by the National Land Code) in respect of the sale and purchase of Parcel 1 shall be presented simultaneously at the relevant land registry/office for registration.

(h) Termination of agreement

- (i) In the event of a termination of SPA 2, the following provisions shall apply notwithstanding any provision to the contrary, express or implied:
 - (a) within 14 days from the date of termination of SPA 2, Douwin shall refund or cause to be refunded (together with the interest accrued thereon) all sums paid by the Purchaser towards the account of the Disposal Consideration 2 pursuant to the provisions of SPA 2 (save and except for the Retention Sum 2 that shall be dealt with pursuant to (b) below and the Deposit Sum 2 that shall be forfeited to Douwin, in the case of a termination of SPA 2 by Douwin pursuant to a default of the Purchaser(as set out in Section 2.4.2(e));
 - (b) within seven (7) working days from Douwin's receipt of refund of the Retention Sum 2 from the Director General of Inland Revenue, Douwin shall refund the Retention Sum 2 to the Purchaser, free from all interest; and
 - (c) within 14 days from the date of termination of SPA 2, the Purchaser shall at its own cost and expense:
 - (i) redeliver or caused to be redelivered to Douwin the security documents and/or all other relevant documents that may have been forwarded by Douwin to the Purchaser, the Purchaser's financier or the Purchaser's solicitors prior to the termination of SPA 2 with Douwin's interest intact;
 - (ii) if at this stage, the Purchaser has taken vacant possession of Parcel 2, then the Purchaser shall redeliver vacant possession of Parcel 2 substantially in condition that the Purchaser has taken it (fair wear and tear excepted); and
 - (iii) withdraw or caused to be withdrawn any private caveat that the Purchaser or the Purchaser's financier may have lodged over Parcel 2.

provided that in the event that the stamp duty has been paid on the transfer, the Purchaser's solicitors shall be entitled to retain the Transfer for or in connection with obtaining a refund of stamp duty as may then have been paid on the transfer and in such event, the Purchaser's solicitors shall return the transfer to Douwin after the refund of the stamp duty paid thereon provided further that in the event that there is any sum to be refunded pursuant to paragraph (a) above by Douwin and/or payment of the liquidated damages by Douwin in the case of a termination of SPA 2 by the Purchaser, the

Purchaser's obligation herein shall be concurrent with that of Douwin in respect of such refund and/or payment, and whereupon SPA 2 shall be treated as null and void and cease to have any further effect and neither parties hereto shall have any further claim against the other save and except as provided in (iii) below.

- (ii) In the event that Douwin shall fail, neglect or refuse to refund any monies required to be refunded to the Purchaser in accordance with the terms herein, Douwin shall be additionally liable to pay to the Purchaser as agreed liquidated damages a sum equivalent to interest at the rate of eight percent (8%) per annum on the sum to be refunded calculated on a day to day basis from the due date of such refund until the date of receipt of the full refund by the Purchaser.
- (iii) Upon the lawful termination of SPA 2, neither party shall have any further obligations under SPA 2 to the other party other than:
 - (a) their respective obligations which are to be performed upon the lawful termination of SPA 2;
 - (b) any obligation which is expressed to survive the termination of SPA 2; and
 - (c) any rights or obligations which have accrued to any party in respect of any breach of any of the provisions of SPA 2 prior to such termination.
- (iv) Upon fulfilment of the above, Douwin shall be at liberty to resell or deal with Parcel 2 as Douwin shall see fit without having to account to the Purchaser for any profit made on such resale and the provisions of SPA 2 shall be null and void and cease to have any further force or effect and neither party shall be entitled to any claim from the other save and except for antecedent breach.

(i) Conditional upon SPA 1

- (i) The completion of the sale and purchase of Parcel 2 pursuant to SPA 2 is subject to the completion of the sale and purchase of Parcel 1 pursuant to SPA 1.
- (ii) In the event of a termination of SPA 1 for any reasons due to Chip Ngai's default or completion of the SPA 1 does not take place for any reasons due to Chip Ngai's default, the Purchaser shall be entitled to either:
 - (a) terminate SPA 2 and in which event Douwin shall pay to the Purchaser a sum equivalent to the Deposit Sum 2 as agreed liquidated damages and pay for all the cost and expense to re-transfer Parcel 2 to Douwin if the transfer of Parcel 2 has been registered in favour of the Purchaser and whereupon the provision of SPA 2 shall apply; or
 - (b) continue with SPA 2.
- (iii) In the event of a termination of SPA 1 or completion of the sale and purchase agreement for the Parcel 1 does not take place where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties thereto, then either party shall be entitled to terminate SPA 2 by written notice to the other party whereupon the provision of the SPA 2 shall apply.

2.4.3 Tenancy Agreement 1

- (a) Subject to completion of SPA 1, the Purchaser agrees to grant and Chip Ngai agrees to take a tenancy of Parcel 1 for a term of up to 36 months commencing on the date of completion of SPA 1, at the rent of RM22,000 only per month* ("Rental 1") ("Tenancy 1"). Chip Ngai is entitled to terminate Tenancy 1 at any time before the expiry of the Tenancy 1 by giving six (6) months written notice to the Purchaser and Chip Ngai shall only be bound to pay the rent up to the termination date of Tenancy 1.
- (b) Notwithstanding the date of execution of the tenancy agreement, Tenancy 1 shall be subject to the completion of the sale and purchase of Parcel 1 under SPA 1 and shall commence on the date of the completion.
- (c) Upon completion of the sale and purchase of Parcel 1 under SPA 1, Chip Ngai shall retain vacant possession of Parcel 1 until the expiry or termination of Tenancy 1, as the case may be.

2.4.4 Tenancy Agreement 2

- (a) Subject to completion of SPA 2, the Purchaser agrees to grant and Douwin agrees to take a tenancy of Parcel 2 for a term of up to 36 months commencing on the date of completion of SPA 2, at the rent of RM8,000 only per month* ("Rental 2") ("Tenancy 2"). Douwin is entitled to terminate Tenancy 2 at any time before the expiry of the Tenancy 2 by giving six (6) months written notice to the Purchaser and Douwin shall only be bound to pay the rent up to the termination date of the Tenancy 2.
- (b) Notwithstanding the date of execution of the tenancy agreement, Tenancy 2 shall be subject to the completion of the sale and purchase of Parcel 2 under the SPA 2 and shall commence on the date of completion.
- (c) Upon completion of the sale and purchase of Parcel 2 under the SPA 2, Douwin shall retain vacant possession of Parcel 2 until the expiry or termination of Tenancy 2, as the case may be.

Note:

- * The combined monthly rent of RM30,000 was mutually agreed between the CN Asia Group and LTK Properties, after taking into consideration the current cash flow and financial position of the CN Asia Group.

2.5 Liabilities to be assumed

There are no liabilities (including contingent liabilities and corporate guarantees) to be assumed by the Purchaser pursuant to the Proposed Disposals.

2.6 Original cost of investment and date of investment

Details on the original cost of investment of the Properties are as follows:

(i) Parcel 1

Parcel 1 was acquired on 7 August 1992. The total cost of investment is as follows:

Land cost	: RM807,227
Land improvement cost	: RM1,774,737
Building cost (including building improvement cost)	: RM14,513,184

(ii) **Parcel 2**

Parcel 2 was acquired on 13 November 1991 at the cost of RM536,074.

2.7 Information on LTK Properties

LTK Properties was incorporated in Malaysia under the Act on 28 January 2000. The authorised share capital of LTK Properties is RM400,000 comprising 400,000 ordinary shares of RM1.00 each. As at the LPD, the total issued and paid-up share capital of LTK Properties is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. Its principal activity is property investment holding.

As at the LPD, the Directors of LTK Properties are Datuk Tan Kok and Datin Lim Hooi Tin. LTK Properties is a wholly-owned subsidiary of LTKM Berhad.

2.7.1 Information on LTKM Berhad

LTKM Berhad was incorporated in Malaysia under the Act on 14 August 1997. Subsequently on 28 March 2000, LTKM Berhad was listed on the Second Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities). The authorised share capital of LTKM Berhad is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each. As at the LPD, the total issued and paid-up share capital of LTKM Berhad is RM65,052,003 comprising 130,104,006 ordinary shares of RM0.50 each.

LTKM Berhad is principally involved in the production and sale of chicken eggs and chickens, manufacturing and sale of organic fertilisers, extraction and sale of sand, property development and property investment holding.

As at the LPD, the Directors of LTKM Berhad are Ir. Kamarudin bin Md Derom, Datuk Tan Kok, Datin Lim Hooi Tin, Ravindran Markandu, Tan Chee Huey and Ooi Hoy Bee @ Ooi Hooi Bee.

3. RATIONALE FOR THE PROPOSED DISPOSALS

The Board believes that the Proposed Disposals will enable the Group to unlock capital resources from being tied up in long term assets to strengthen its financial position and allow the Group to better focus on its core businesses. The signing of Tenancy Agreements will ensure that the on-going business operations of the Group are not disrupted via the continued rental of Parcel 1 and Parcel 2 for a maximum period of up to 36 months subsequent to the Proposed Disposals. As such, there will not be any change in the future activities and direction of the Group after the Proposed Disposals.

Prior to the expiry of the Tenancy Agreements, the Group shall relocate and construct its new manufacturing facilities, office and storage area on a new site within the proximity of Selangor. In its efforts for cost saving, the new site shall be leased by the Group for its operations. The Board has allocated RM6.0 million from the proceeds of Proposed Disposals for the relocation and construction of the new facilities of which RM2.0 million has been allocated for relocation costs and RM4.0 million has been allocated for construction costs. If the actual relocation and construction costs exceed the actual amounts allocated, the shortfall shall be funded via banking facilities to be secured. The Group shall continue with its operations at Parcel 1 and Parcel 2 up to the expiry of Tenancy Agreements while the Board secures a suitable plot of land in Selangor for the relocation of the Group's operations.

The Proposed Disposals are expected to have a positive impact on the earnings of the Group as the total gross proceeds raised would provide funds for additional working capital and the repayment of bank borrowings which is expected to improve the Group's cash flow and result in an annual interest savings of approximately RM0.71 million based on the effective interest rate of approximately 5.98% per annum. Nevertheless, there will be an annual rental payable of RM360,000 per annum pursuant to the Tenancy Agreements.

Based on the audited financial statements of CN Asia as at 31 December 2015, the Group's NA will improve from RM17.27 million to RM38.34 million or RM0.38 per Share to RM0.84 per Share resulting from the Proposed Disposals. Furthermore, the Group's current ratio will improve from 0.46 times to 5.90 times.

On 29 May 2015, the Company announced that pursuant to Paragraph 2.1(e) of the Practice Note 17 of the Main Market Listing Requirements of Bursa Securities ("PN17"), CN Asia is a PN17 Issuer due to:

- (i) an emphasis of matter on the Company's ability to continue as going concern expressed by auditors of the Company at the material point of time, Messrs SJ Grant Thornton, in its independent auditors' report for the audited financial statements of the Group for the FYE 31 December 2014; and
- (ii) the consolidated shareholders' equity of the Group being less than 50% of the issued and paid-up capital of CN Asia in the Company's unaudited quarterly report for the three (3)-month financial period ended 31 March 2015.

The Proposed Disposals form part of the Company's initiative to regularise its financial condition. Additional details of the Company's regularisation plan shall be announced at a later date in accordance with Paragraph 4.2 of PN17.

4. UTILISATION OF PROCEEDS

The proceeds of approximately RM36.68 million from the Proposed Disposals shall be utilised as follows:

Purpose	Notes	RM'000	Timeframe for utilisation
RPGT retention sum	(i)	1,100	Within 2 months
Repayment of bank borrowings	(ii)	11,786	Within 3 months
Relocation and construction costs	(iii)	6,000	Within 36 months
Pledge to secure banking facilities	(iv)	5,000	Within 12 months
Working capital	(v)	11,797	Within 12 months
To defray estimated expenses for the Proposed Disposals	(vi)	1,000	Within 1 month
Total		<u>36,683</u>	

Notes:

- (i) As per the condition of the SPAs, three percent (3%) of the Total Disposal Consideration of approximately RM36.68 million will be withheld by the Purchaser's solicitors as RPGT retention sum.
- (ii) The total borrowings of CN Asia Group as at 31 December 2015 are approximately RM12.27 million. The Group proposes to utilise up to RM11.79 million of the Total Disposal Consideration to repay substantially its outstanding borrowings. This is expected to generate interest savings of approximately RM0.71 million per annum based on the effective interest rate of approximately 5.98% per annum.

- (iii) Prior to the expiry of the Tenancy Agreements, the Group shall relocate and construct its manufacturing facilities on a new site. The Board plans to lease the new site for the Group's operations within the proximity of Selangor.

The factory relocation and construction costs of RM6.0 million encompasses construction of the Group's factory, costs of disassembly, moving and reassembly and/or refurbishment of machinery and structures from the Group's current manufacturing site to the new manufacturing site for the Group's operations. At this juncture, the management is in discussions with several land owners for the lease and the exact details of the new manufacturing facilities have not been finalised.

- (iv) The sum of RM5.0 million will be pledged as fixed deposits to secure banking facilities from financial institutions for the trade facilities to fund the Group's new contracts to be secured. The banking facilities to be issued such as bankers' acceptances, trust receipts, letters of credit and bankers' guarantees will be utilised *inter-alia* for the payment of suppliers, purchase of raw materials and issuance of performance bonds for contracts.
- (v) The funds for working capital will be mainly utilised to finance the day-to-day operations of the Group. The breakdown of the utilisation is as follows:

Description	RM'000
Payments to suppliers	8,197
Payment of staff salaries and other operating expenses	3,600
Total	<u>11,797</u>

- (vi) If the actual expenses incurred pursuant to the Proposed Disposals are higher than the amount budgeted, the shortfall will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital.

Pending utilisation, the funds raised will be placed in interest-bearing fixed deposit accounts with licensed financial institution(s) or in short-term money market instruments.

5. EFFECTS OF THE PROPOSED DISPOSALS

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposals will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of CN Asia as it does not involve the issuance of new ordinary shares in CN Asia.

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5.2 NA, NA per Share and Gearing

Based on the audited consolidated financial statements of CN Asia as at 31 December 2015, the pro forma effects of the Proposed Disposals on the NA and gearing of the Group, assuming the Proposed Disposals had been effected during the FYE 31 December 2015 are as follows:

	Audited as at 31 December 2015	After the Proposed Disposals
	RM'000	RM'000
Share capital	45,383	45,383
Share premium	3,492	3,492
Translation reserves	187	187
Accumulated losses	(31,796)	(10,724) ⁽¹⁾
Shareholders' equity / NA	17,266	38,338
No. of ordinary shares in issue	45,382,500	45,382,500
NA per Share (RM)	0.38	0.84
Total borrowings (RM'000)	12,274	488
Gearing (times)	0.71	0.01

Note:

- (1) After taking into consideration net gain on disposal of approximately RM21.07 million (after the deduction of RPGT retention sum of RM1.10 million and estimated expenses of RM1.00 million for the Proposed Disposals).

5.3 Earnings and EPS

The net gain from the Proposed Disposals calculated based on the audited consolidated financial statements of CN Asia as at 31 December 2015 is as follows:

Details	RM
Total Disposal Consideration	36,682,500
Less:	
(i) Net Book Value of the Properties	(13,510,185)
(ii) RPGT retention sum	(1,100,475)
(iii) Estimated expenses for the Proposed Disposals	(1,000,000)
Sub-total	<u>(15,610,660)</u>
Net gain from the Proposed Disposals	<u>21,071,840</u>

The pro forma effect of the Proposed Disposals on the EPS of CN Asia is shown below:

	Audited FYE 31 December 2015	After the Proposed Disposals⁽¹⁾
	RM	RM
LAT of CN Asia	(6,284,455)	(6,284,455)
Net gain from Proposed Disposals	-	21,071,840 ⁽²⁾
Total (LAT) / PAT	<u>(6,284,455)</u>	<u>14,787,385</u>

	Audited FYE 31 December 2015	After the Proposed Disposals⁽¹⁾
	RM	RM
No. of share (LPS) / EPS (sen)	45,382,500 (13.85)	45,382,500 32.58

Notes:

- (1) Assuming the Proposed Disposals are completed on 1 January 2015, being the start of the financial year of CN Asia.
- (2) The calculation of net gain from the Proposed Disposals is shown above.

Based on the pro forma effects of the Proposed Disposals on the EPS of CN Asia, the EPS will be improved by RM0.46 per Share, from a LPS of RM0.14 per Share to an EPS of RM0.32 per Share.

The Proposed Disposals are expected to contribute positively to the earnings of the Group in the future.

6. RISK FACTORS

Shareholders should consider the following risk factors arising from the Proposed Disposals (which may not be exhaustive):

6.1 Completion and delay in completion of the Proposed Disposals

The completion of the Proposed Disposals is subject to the fulfillment of the conditions precedent of the SPAs set out in Sections 2.4.1(b) and 2.4.2(b). In the event of non-fulfillment of any of the conditions precedent within the stipulated timeframe, the SPAs shall lapse and be of no further effect (but without prejudice to any right which either party may be entitled to against the other party in respect of any antecedent breach of the SPAs).

The Company will take all reasonable steps to ensure that the said conditions precedent are met within the stipulated timeframe to facilitate the Proposed Disposals. Nonetheless, there can be no assurance that the SPAs will not be terminated through the non-fulfillment of certain conditions precedent within the stipulated timeframe.

6.2 Loss of potentially higher capital value of the properties

As stated in Section 2.3, Disposal Consideration 1 and Disposal Consideration 2 represent a discount of 0.02% and 0.03% to the market value of the Parcel 1 and Parcel 2 respectively. The Proposed Disposals at this juncture would preclude the Group from benefiting from any potential appreciation in the value of the Properties, which would lead to a consideration if the Properties were disposed of at a later date.

Nonetheless, undertaking the Proposed Disposals now gives rise to the potential benefits set out in Section 3 above. Further, there is no guarantee that CN Asia will be able to realise a higher value of Parcel 1 and Parcel 2 should they be disposed of at a later date.

6.3 Contractual risks

CN Asia Group may be subjected to certain contractual risks such as specific performance and payment of liquidated damages as a result of non-fulfillment of its obligations under the SPAs. Nevertheless, the Company shall endeavour to ensure that CN Asia Group complies with its obligations under the SPAs.

6.4 Operational risk

Following the Proposed Disposals, the Group's operations will remain at the Properties for a period of up to 36 months under the Tenancy Agreements. During this period, the Group will identify a new site for relocation. At this juncture, the management is in discussions with several land owners for the lease and the exact details of the new manufacturing facilities have not been finalised.

The Group could experience disruption in its operations in the event where a suitable site cannot be identified and/or if the relocation of the Group's manufacturing plant is not completed in a timely manner prior to the expiry of the Tenancy Agreements. Notwithstanding the above, the Group expects no downtime in the relocation of its manufacturing plant, as equipment and machinery will be moved in phases while manufacturing operations continue, therefore minimising the abovementioned risk.

7. APPROVALS REQUIRED

The Proposed Disposals are subject to and conditional upon the following:

- (i) approvals being obtained from the shareholders of the Company at the forthcoming EGM to be convened; and
- (ii) consent from the Pejabat Daerah dan Tanah Petaling State Authority for the transfer of the Properties, which was obtained vide its letter dated 16 August 2016.

The Proposed Disposals are not conditional upon any other corporate proposals to be implemented by the Company, if any.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors, major shareholders and persons connected with a Director or a major shareholder of CN Asia has any interest, direct or indirect, in the Proposed Disposals.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board is of the opinion that the Proposed Disposals are in the best of interest of the Group after careful deliberations on all aspects of the Proposed Disposals, which include *inter-alia* the following:

- (i) The market value of the Properties;
- (ii) The Total Disposal Consideration represents a premium of RM19,051,278 or 108.05% from the cost of investment of RM17,631,222;
- (iii) Based on the calculation of the estimated net gain from the Proposed Disposals of RM21,071,840 set out in Section 5.3 of this Circular;
- (iv) The terms and conditions of the SPAs and Tenancy Agreements;
- (v) The rationale for the Proposed Disposals, which is in line with the Group's plan to reduce its gearing, to improve the Group's current ratio and strengthen the financial position of the Group; and
- (vi) The Proposed Disposals are expected to contribute positively to the future earnings of the Group.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Disposals.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Disposals, the Company confirms that there is no outstanding proposal that is announced which has yet to be completed as at the LPD.

11. ESTIMATED TIMEFRAME TO COMPLETION

Barring any unforeseen circumstances and subject to the fulfilment of all conditions precedent as set out in the SPAs, the Board expects the Proposed Disposals to be completed in the first quarter of 2017. The details of the tentative timeline are set out below:

Date	Events
5 September 2016	EGM for the Proposed Disposals
Early January 2017	Completion of the Proposed Disposals

12. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Meeting Room 1, UG Level, Hotel ibis Styles Kuala Lumpur Cheras, Jalan C180/1, Dataran C180, 43200 Cheras, Selangor Darul Ehsan on Monday, 5 September 2016 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the ordinary resolution to give effect to the Proposed Disposals.

If you are unable to attend and vote in person at the forthcoming EGM and wish to appoint a proxy to attend and vote in your stead, you are requested to complete, sign and return the Form of Proxy, in accordance with the instructions printed thereon to the Company's registered office at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time set for the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of Directors of
CN ASIA CORPORATION BHD

DATO' HILMI BIN MOHD NOOR
INDEPENDENT NON-EXECUTIVE CHAIRMAN

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



Date: 19 August 2016

The Board of Directors
CN Asia Corporation Bhd
 (Company No. 399442-A)
 Lot 7907, Batu 11
 Jalan Balakong
 43300 Seri Kembangan
 Selangor

Dear Sirs,

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CN ASIA CORPORATION BHD (“CN ASIA” OR “THE COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY KNOWN AS “CN ASIA GROUP” OR “THE GROUP”) AS AT 31 DECEMBER 2015 (“PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION”)

We have completed our assurance engagement to report on the compilation of the Pro forma Consolidated Statements of Financial Position prepared by the Directors of the Company (“Directors”).

The Pro forma Consolidated Statements of Financial Position and the notes set out in Appendix A of this letter are compiled by the Directors for illustrative purposes only for inclusion into the circular to shareholders of CN Asia Group in connection with the proposed disposal of two (2) parcels of leasehold land together with buildings and amenities erected thereon for a total cash consideration of RM36,682,500 (“Total Disposal Consideration”).

The Pro forma Consolidated Statements of Financial Position have been compiled by the Directors to illustrate the impact of the proposed disposals set out in the accompanying Note 1 below.

As part of this process, information about the financial position has been extracted by the Directors from the relevant financial statements as at 31 December 2015, on which an audited consolidated financial statements has been prepared.

The Directors’ Responsibility for the Pro forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro forma Consolidated Statements of Financial Position on the basis of the proposed disposals and the basis described in the Notes of Appendix A to the Pro forma Consolidated Statements of Financial Position.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



The Pro forma Consolidated Statements of Financial Position has incorporated the following:-

1. Proposed Disposals

The wholly-owned subsidiaries of CN Asia namely Chip Ngai Engineering Works Sdn Bhd (“Chip Ngai”) and Douwin Sdn Bhd (“Douwin”), had entered into the following sale and purchase agreements with LTK Properties Sdn Bhd (“LTK Properties” or “Purchaser”), a wholly-owned subsidiary of LTKM Berhad:

- (i) Sale and purchase agreement dated 13 June 2016 between Chip Ngai and LTK Properties for the disposal of a parcel of leasehold land and building, measuring approximately 9,669 square meters (“sqm”) held under H.S.(M) 20480, PT No. 17040, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with 1-storey steel frame structure annexed with 2-storey office, 1-storey steel frame structure detached factory, a 5-storey office building and a single storey temporary shed erected thereon (“Parcel 1”) for a cash consideration of RM21,856,200 (“SPA 1”); and
- (ii) Sale and purchase agreement dated 13 June 2016 between Douwin and LTK Properties for the disposal of a parcel of leasehold land measuring approximately 6,559 sqm held under H.S.(M) 20479, PT No. 17041, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with two (2) single storey temporary sheds erected thereon (“Parcel 2”) for a cash consideration of RM14,826,300 (“SPA 2”).

(Collectively referred to as “Proposed Disposals”).

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Our Responsibilities

Our responsibility is to express an opinion as required by Bursa Malaysia Securities Berhad (“Bursa Securities”), about whether the Pro forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis of the Proposed Disposals.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires us to comply with the ethical requirements and plan and perform procedures to obtain reasonable assurance on whether the Directors have compiled, in all material respects, the Pro forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro forma Consolidated Statements of Financial Position.

The purpose of the Pro forma Consolidated Statements of Financial Position included in the circular to shareholders is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence on whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)



Opinion


In our opinion:


- (i) the Pro forma Consolidated Statements of Financial Position, which have been prepared by the Directors, have been properly prepared on the basis stated in the accompanying Note 1 in Appendix A to the Pro forma Consolidated Statements of Financial Position using financial statements prepared in accordance with Malaysian Financial Reporting Standards and in a manner consistent with both the format to the financial statements and the accounting policies adopted by the Company; and
- (ii) each material adjustments made to the information used in the preparation of the Pro forma Consolidated Statements of Financial Position is appropriate for the purpose of preparing the Pro forma Consolidated Statements of Financial Position.

Other Matters

This letter has been prepared for the purpose of inclusion in the circular to shareholders of CN Asia. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposed Disposals described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Proposed Disposals.

Yours faithfully,


UHY
Firm Number: AF 1411
Chartered Accountants


CHAN JEE PENG
Approved Number: 3068/08/18 (J)
Chartered Accountant

Kuala Lumpur, Malaysia

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A**CN ASIA GROUP****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015****1. Basis of Preparation**

The Pro forma Consolidated Statements of Financial Position of the Group as at 31 December 2015, of which the Directors of the Group are solely responsible, has been prepared for illustration purposes only, to show the effects on the consolidated statements of financial position of the Group had the Proposed Disposals been effected on that date, and should be read in conjunction with the notes accompanying thereto.

The Pro forma Consolidated Statements of Financial Position of the Group as at 31 December 2015 has been prepared based on the audited consolidated statements of financial position of the Group as at 31 December 2015 and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group in the preparation of its financial statements as at 31 December 2015, which have been prepared by the Directors in accordance with the Malaysian Financial Reporting Standards.

The Pro forma Consolidated Statements of Financial Position has been prepared assuming the Proposed Disposals in Note 2 below are effected as at 31 December 2015.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A

CN ASIA GROUP

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

2. Proposed Disposals

The wholly-owned subsidiaries of CN Asia namely Chip Ngai and Douwin, had entered into the following sale and purchase agreements with LTK Properties, a wholly-owned subsidiary of LTKM Berhad:

- (i) Sale and purchase agreement dated 13 June 2016 between Chip Ngai and LTK Properties for the disposal of Parcel 1 for a cash consideration of RM21,856,200; and
- (ii) Sale and purchase agreement dated 13 June 2016 between Douwin and LTK Properties for the disposal of Parcel 2 for a cash consideration of RM14,826,300.

Proposed Utilisation of Proceeds

The details of the proposed utilisation of proceeds arising from the Proposed Disposals are as follows: -

Purposes	Notes	RM'000	Estimated timeframe for utilisation of proceeds
Real Property Gain Tax ("RPGT") retention sum	(i)	1,100	Within two (2) months
Repayment of bank borrowings	(ii)	11,786	Within three (3) months
Relocation and construction costs	(iii)	6,000	Within thirty six (36) months
Pledge to secure banking facilities	(iv)	5,000	Within twelve (12) months
Working capital	(v)	11,797	Within twelve (12) months
To defray estimated expenses for the Proposed Disposals	(vi)	1,000	Within one (1) month
Total		<u>36,683</u>	

Notes: -

- (i) As per the condition of SPA 1 and SPA 2, 3% of the Total Disposal Consideration of approximately RM36.68 million will be withheld by the Purchaser's solicitors as RPGT retention sum.
- (ii) The total borrowings of CN Asia Group as at 31 December 2015 are approximately RM12.27 million. The Group proposes to utilise up to RM11.79 million of the Total Disposal Consideration to repay substantially its outstanding borrowings.
- (iii) The Board plans to lease a new site for the Group's future operations within the proximity of Selangor. The factory relocation and construction costs of RM6.0 million shall be used to finance the construction of the Group's factory, costs of disassembly, moving and reassembly and/or refurbishment of machinery and structures from the Group's current manufacturing site to the new manufacturing site for the Group's operations.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A

CN ASIA GROUP

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

2. Proposed Disposals (Cont'd)

Proposed Utilisation of Proceeds (Cont'd)

Notes: -

- (iv) The sum of RM5.0 million will be pledged as fixed deposits to secure banking facilities from financial institutions for the trade facilities to fund the Group's new contracts to be secured. The banking facilities to be issued such as bankers' acceptances, trust receipts, letters of credit and bankers' guarantees will be utilised inter-alia for the payment to suppliers, purchase of raw materials and issuance of performance bonds for contracts.
- (v) The funds for working capital will be mainly utilised to finance the day-to-day operations of the Group's operations which include payments to suppliers, staff salaries and other operating expenses.
- (vi) If the actual expenses incurred pursuant to the Proposed Disposals are higher than the amount budgeted, the shortfall will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the amount budgeted, the excess will be utilised for working capital.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A

CN ASIA GROUP

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

3. Pro forma Consolidated Statements of Financial Position as at 31 December 2015

The Pro forma Consolidated Statements of Financial Position as set out below are provided for illustrative purposes only to show the effects on the Audited Consolidated Statements of Financial Position of the CN Asia Group as at 31 December 2015 had the Proposed Disposals been effected on that date, and should be read in conjunction with the notes accompanying the Pro forma Consolidated Statements of Financial Position of the Group.

	Note	Audited Consolidated Statements of Financial Position as at 31 December 2015 RM'000	Pro forma I After the Proposed Disposals RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	3.2.1	26,163	18,653
Investment in an associated company		16	16
Total Non-Current Assets		26,179	18,669
Current Assets			
Inventories		3,915	3,915
Trade receivables		2,036	2,036
Amount due from contract customers		708	708
Other receivables, deposits and prepayment		278	278
Current tax asset		6	6
Fixed deposit with licensed bank	3.2.2	-	5,000
Cash and bank balances	3.2.3	421	12,217
Total Current Assets		7,364	24,160
Total Assets		33,543	42,829
Equity			
Share capital		45,383	45,383
Share premium		3,492	3,492
Translation reserve		187	187
Accumulated losses	3.2.4	(31,796)	(10,724)
Total equity attributable to the owners of the Company		17,266	38,338

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A

CN ASIA GROUP

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

3. Pro forma Consolidated Statements of Financial Position as at 31 December 2015 (Cont'd)

	Note	Audited Consolidated Statements of Financial Position as at 31 December 2015 RM'000	Pro forma I After the Proposed Disposals RM'000
LIABILITIES			
Non-Current Liabilities			
Bank borrowings		396	396
Total Non-Current Liabilities		396	396
Current Liabilities			
Trade payables		2,028	2,028
Other payables and accruals		1,941	1,941
Amount due to an associated company		34	34
Bank borrowings	3.2.5	11,878	92
Total Current Liabilities		15,881	4,095
Total Liabilities		16,277	4,491
Total Equity and Liabilities		33,543	42,829
Par value per ordinary share (RM)		1.00	1.00
Number of ordinary shares ('000)		45,383	45,383
NA (RM'000)		17,266	38,338
NA per share (RM)		0.38	0.84
Borrowings (All interest bearing debts) (RM'000)		12,274	488
Gearing (Times)		0.71	0.01

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A

CN ASIA GROUP

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

3.1 Pro forma Adjustments to the Pro forma Consolidated Statements of Financial Position as at 31 December 2015

Pro forma I

Pro forma I incorporates the effects of the proposed disposal of two (2) parcels of leasehold land together with buildings and amenities erected thereon for a total cash consideration of RM36,682,500 and the proposed utilisation of proceeds as follows: -

Proposed Utilisation	RM'000	%	Estimated timeframe for utilisation of gross proceeds
RPGT retention sum	1,100	3.0	Within two (2) months
Repayment of bank borrowings	11,786	32.1	Within three (3) months
Relocation and construction costs	6,000	16.4	Within thirty six (36) months
Pledge to secure banking facilities	5,000	13.6	Within twelve (12) months
Working capital	11,797	32.2	Within twelve (12) months
To defray estimated expenses for the Proposed Disposals	1,000	2.7	Within one (1) month
Total	36,683	100.0	

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A

CN ASIA GROUP

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

3.2 Notes to the Pro forma Consolidated Statements of Financial Position as at 31 December 2015

3.2.1 Property, Plant and Equipment

	RM'000
As at 31 December 2015	26,163
Arising from the Proposed Disposals*	(7,510)
As per Pro forma I	18,653

Note: * Consisted of the net book value of Parcel 1 and Parcel 2 amounting to RM13.51 million and capitalisation of relocation and construction cost of RM6.00 million.

3.2.2 Fixed Deposit with Licensed Bank

	RM'000
As at 31 December 2015	-
Arising from the Proposed Disposals	5,000
As per Pro forma I	5,000

3.2.3 Cash and Bank Balances

	RM'000
As at 31 December 2015	421
Arising from the Proposed Disposals	11,796
As per Pro forma I	12,217

3.2.4 Accumulated Losses

	RM'000
As at 31 December 2015	(31,796)
Arising from the Proposed Disposals*	21,072
As per Pro forma I	(10,724)

Note: * Net gain from the Proposed Disposals is derived after taking into consideration of the net book value of Parcel 1 and Parcel 2 of RM13.51 million, RPGT retention sum of RM1.10 million, and estimated expenses for the Proposed Disposals of RM1.00 million.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

Appendix A

CN ASIA GROUP

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 (CONT'D)

3.2 Notes to the Pro forma Consolidated Statements of Financial Position as at 31 December 2015 (Cont'd)

3.2.5 Bank Borrowings

	RM'000
Current Liabilities	
As at 31 December 2015	11,878
Arising from the Proposed Disposals	(11,786)
As per Pro forma I	<u>92</u>

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VALUATION CERTIFICATE BY HENRY BUTCHER


HENRY BUTCHER MALAYSIA

International Asset Consultants

Our Ref : HB/SEL/8816/06/0698/Wdy-004

June 10, 2016

M/S CN ASIA CORPORATION BERHAD

 Lot 7907, Batu 11, Jalan Balakong
 43300 Seri Kembangan
 Selangor Darul Ehsan

Dear Sirs

CERTIFICATE OF VALUATION OF TWO (2) ADJOINING PARCELS OF POTENTIAL COMMERCIAL DEVELOPMENT LAND MEASURING AN AGGREGATE LAND AREA OF 16,228 SQUARE METRES LOCATED ALONG LEBUHRAYA SILK, BALAKONG, SERI KEMBANGAN, SELANGOR DARUL EHSAN (“SUBJECT PROPERTY”)

We were instructed by M/S CN Asia Corporation Berhad (“CN Asia”) to conduct a valuation of the Subject Property. The full details of the valuation are included in our Valuation Report bearing reference no. HB/SEL/8816/06/0698/Wdy-004 dated June 10, 2016.

This certificate has been prepared for the purpose of submission to Bursa Malaysia Securities Berhad in conjunction with the disposal of the Subject Property by Chip Ngai Engineering Works Sdn Bhd (“Chip Ngai”) and Douwin Sdn Bhd (“Douwin”), both are wholly-owned subsidiaries of CN Asia (“Proposed Disposal”).

The Subject Property was inspected and referenced on June 7, 2016. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. June 7, 2016.

The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The basis of valuation is the Market Value which is defined by the Malaysian Valuation Standards to be “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

HENRY BUTCHER MALAYSIA (SEL) Sdn Bhd (495503-K)

No. 36-1, 2 & 3, Jalan SS 15/4D, 47500 Subang Jaya, Selangor, Malaysia.

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VALUATION CERTIFICATE BY HENRY BUTCHER (CONT'D)

Terms of Reference

We have been specifically instructed by CN Asia to value the Subject Property as two (2) adjoining parcels of potential commercial development land due to the following rationale:-

1. The purpose of M/S LTKM Berhad (the Purchaser) to purchase the land is based on re-development basis which is the highest and best use of the Subject Property. Therefore, the value attributed on the buildings/structures is not taken into consideration in arriving at the market value of the Subject Property; and
2. The zoning of the Subject Property is commercial.

We have valued both PT 17040 and PT 17041 as a single parcel of land as the Purchaser plans to re-develop the Subject Property into an integrated commercial development in the future which is in line with the current development trend that medium to large scale integrated development with a minimum land size of 4 acres is preferred as its development will have economy of scale and an optimum development size for commercial reasons.

The brief description of the Subject Property and our opinion of the current Market Value are as follows: -

Property Description

Property Type/ Interests Valued	Two (2) adjoining parcels of potential commercial development land.
Address of the Subject Property	Lot Nos. PT 17040 & PT 17041, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.
Location	The Subject Property is located along Lebuhraya SILK (formerly known as Jalan Balakong), Balakong, Seri Kembangan which is approximately twenty (20) kilometres due south of Kuala Lumpur City Centre. Balakong town centre is located about 1.5 kilometres to the east while Seri Kembangan town centre is situated approximately five (5) kilometres to the west. It is easily accessible from Kuala Lumpur City Centre via the Sungai Besi Expressway and finally turning onto Lebuhraya SILK heading towards a designated under pass to make a U-turn towards the opposite direction of Lebuhraya SILK. The Subject Property is located at the south bound of Lebuhraya SILK.
Site	The Subject Property when amalgamated form an irregular shape of land with a total land area of about 4.0100 acres (174,676 square feet). It has a total frontage of about 546 feet fronts onto Lebuhraya SILK and a maximum depth of approximately 392 feet. The physical terrain of the land is generally flat and lies about the level of the frontage road (Lebuhraya SILK).

We noted during our inspection that a factory complex with its ancillary buildings were erected thereon the Subject Property. The main entrance to the Subject Property is secured with an automatic metal sliding gate. The compound is demarcated with metal deck sheets and chain link fencing except for south-east and south-west boundaries which were not secured with any forms of fencing.

VALUATION CERTIFICATE BY HENRY BUTCHER (CONT'D)

Age of Building About 15 to 22 years.

Building Description The building erected thereon comprises of main buildings, a five (5) storey office building, a double storey office building and two (2) single storey factories, and ancillary buildings.

These double and five (5) storey office buildings are constructed of reinforced concrete framework with plastered brickwalls support a pitched roof covered with metal deck on timber trusses and rafters. The total gross floor area of the office buildings is estimated at 31,333 square feet.

These single storey factories are constructed of steel structure supporting a pitched roof covered with metal deck roofing sheets insulated with aluminium foil and incorporated with transparent acrylic sheets on steel trusses. The total gross floor area of the factories is estimated at 33,554 square feet.

Property	Tenancy Status	Activity
PT 17040 & PT 17041	Owner Occupied	Manufacturing of tanks and related products, and provision of specialised engineering and fabrication works

Based on the Sale and Purchase Agreements dated June 13, 2016, the Subject Property will be leased back to the Vendor at the total monthly rental of RM30,000.00 for a period of 6 months to 36 months.

The above rental is not significant as its does not reflect the actual return for the Subject Property. Thus, for the purpose of this valuation, we have not taken into consideration of the rental income in arriving at the market value of the Subject Property.

VALUATION CERTIFICATE BY HENRY BUTCHER (CONT'D)**Title Particulars**

Title No.	Lot No.	Titled Land Area	Surveyed Land Area	Registered Owner
HSM 20480	PT 17040	10,117.83 square metres	9,669 square metres	Chip Ngai Engineering Works Sdn Bhd
HSM 20479	PT 17041	6,644.87 square metres	6,559 square metres	Douwin Sdn Bhd

Other common details are as below:-

Tempat	Jalan Balakong Serdang
Mukim	Petaling
District	Petaling
State	Selangor
Tenure	Leasehold 99 years expiring October 11, 2091. The remaining unexpired term is about 75 years.

Category of land use "Perusahaan/Perindustrian"

For the purpose of this valuation, we have adopted the above total surveyed land area of 16,228 square metres in arriving at the market value of the Subject Property

Planning Approvals

Planning Approval Our verbal enquiries at the Jabatan Perancang Bandar dan Desa, Shah Alam revealed that the Subject Property is zoned for commercial purposes with a permissible plot ratio of 1:4.

Valuation Methodology

We have adopted the Comparison Method only in formulating our opinion of the current Market Value of the Subject Property. The Comparison Method is the market approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

We do not adopt Residual Method in arriving at the market value of the Subject Property as the Subject Property does not have any planning approval.

VALUATION CERTIFICATE BY HENRY BUTCHER (CONT'D)

In arriving at our opinion of value, we have taken into consideration amongst others, the following transactions which we extracted from Department of Property Valuation and Services (JPPH): -

	Comparable 1	Comparable 2	Comparable 3
Property	Four Adjoining Parcels of Vacant Industrial Land held under Title Nos. GM 584, GM 969, GM 1005 & GM 1006, Lot Nos. 1826, 1831, 2281 & 2282 respectively, All in Mukim of Cheras, District of Ulu Langat, State of Selangor	GM 1171, Lot 474, Mukim of Cheras, District of Ulu Langat, State of Selangor	HSD 185485, PT 334, Pekan Baru Sungai Besi, District of Petaling, State of Selangor
Land Area	6.5425 acres (284,991 square feet)	1.8310 acres (79,760 square feet)	3.6675 acres (159,758 square feet)
Type	Vacant industrial land	Vacant industrial land	Vacant commercial land
Category of Land Use	"Perusahaan/ Perindustrian"	"Perusahaan/ Perindustrian"	"Bangunan"
Zoning	Industrial	Commercial	Commercial
Tenure	Term in Perpetuity	Term in Perpetuity	Leasehold 99 years expiring on May 28, 2102. The remaining unexpired term is about 86 years
Date of Transaction	April 6, 2016	May 14, 2014	June 17, 2013
Consideration	RM54,148,744.00	RM14,000,000.00	RM55,916,350.00
Land Value (psf)	RM190.00psf	RM175.53psf	RM350.01psf
Adjusted Land Value (psf)	RM209.00psf	RM201.85psf	RM227.50psf
Remarks on Adj. Value	Adjustment was made on location, visibility, main road frontage, zoning, land size, limited high rise development, tenure and land use.		

We have adopted RM210.00 per square foot (derived from the adjusted value of Comparable 1) to derive at the market value of Subject Property based on the following facts:-

- RM 210.00 is closed to the average adjusted land value which is RM212.79.
- We are of the opinion that Comparable 1 is the best comparable as it is transacted recently with a similar land area and same land use as Subject Property. It is also located within 0.7 kilometre radius from the Subject Property.

VALUATION CERTIFICATE BY HENRY BUTCHER (CONT'D)

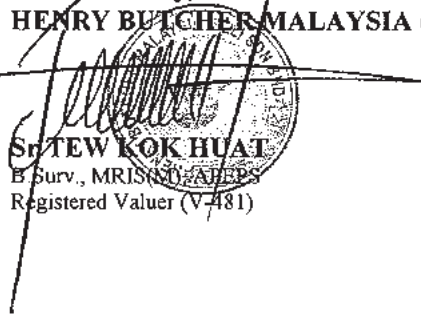
Conclusion

Taking into consideration all relevant factors, we are of the opinion that the current Market Value of the unencumbered interest in the Subject Property with the benefits of vacant possession are: -

<u>Property</u>	<u>MV</u>	
PT 17040	: RM21,860,000.00	(Ringgit Malaysia: Twenty One Million Eight Hundred and Sixty Thousand Only)
PT 17041	: RM14,830,000.00	(Ringgit Malaysia: Fourteen Million Eight Hundred and Thirty Thousand Only)
Total	RM36,690,000.00	(Ringgit Malaysia: Thirty Six Million Six Hundred and Ninety Thousand Only)

Yours faithfully,

HENRY BUTCHER MALAYSIA (SEL) SDN. BHD.



Sr. TEW KOK HUAT
B Surv., MRIS (NO. 4188)
Registered Valuer (V-481)

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board who individually and collectively accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Information on LTK Properties and LTKM Berhad has been obtained from publicly available information. The responsibility of our Directors with respect to such information and statements is therefore restricted to ensuring that such information and statements are accurately reproduced in this Circular.

2. MATERIAL COMMITMENTS

As at the LPD, our Board is not aware of any material commitment, incurred or known to be incurred by the CN Asia Group, which may have a material impact on the results or financial position of the CN Asia Group.

3. CONTINGENT LIABILITIES

Save as disclosed, as at the LPD, our Board is not aware of any contingent liabilities, incurred or known to be incurred by the CN Asia Group, which upon becoming enforceable, may have a substantial impact in the ability of CN Asia Group to meet its obligations as and when they fall due:

Corporate guarantees provided to financial institutions

For bank guarantees issued in favour of third parties	RM55,000
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4. CONSENTS AND DECLARATIONS**Consents**

M&A Securities has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

UHY, being the Reporting Accountants has given and has not subsequently withdrawn its written consent to the inclusion of its name and letter on the pro forma consolidated statements of financial position of the Group as at 31 December 2015 and all references thereto, in the form and context in which they are contained in this Circular.

Henry Butcher, the Valuer for the Properties, has given and has not subsequently withdrawn its written consent for the inclusion of its valuation certificate and name and all references thereto, in the form and context in which they appear in this Circular.

Conflict of Interest

M&A Securities, UHY and Henry Butcher have given their confirmations that no conflict of interest exist or is likely to exist in relation to their roles as the Adviser, Reporting Accountants and Independent Valuer for the Proposed Disposals, respectively.

FURTHER INFORMATION (CONT'D)

5. MATERIAL LITIGATION

Neither CN Asia nor its subsidiaries are engaged in any material litigation, claims or arbitration involving the Properties, either as plaintiff or defendant, and the Directors of CN Asia do not have any knowledge of any proceedings involving the Properties, pending or threatened against CN Asia and its subsidiaries or of any facts likely to give rise to any of such proceedings which might adversely and materially affect the position or business of CN Asia and its subsidiaries as at the LPD.

6. MATERIAL CONTRACTS

Save for the SPAs and the Tenancy Agreements, CN Asia and its subsidiaries have not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately prior to the printing of this Circular.

7. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Company's registered office at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan during normal business hours from Monday to Friday (except on public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (a) Memorandum and Articles of Association of CN Asia;
- (b) The audited consolidated financial statements of CN Asia for the FYEs 31 December 2014 and 2015;
- (c) The unaudited consolidated financial statements of CN Asia for the six (6)-month financial period ended 30 June 2016;
- (d) Letters of consent and declarations of conflict of interest referred to in Section 4;
- (e) Valuation Report and valuation certificate both dated 10 June 2016 for the Properties by Henry Butcher;
- (f) Pro forma consolidated statements of financial position of the Group as at 31 December 2015 together with the Reporting Accountants' letter thereon;
- (g) The SPAs; and
- (h) The Tenancy Agreements.



CN ASIA CORPORATION BHD

(Company No.: 399442-A)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("EGM") of CN Asia Corporation Bhd ("CN Asia" or "Company") will be held at Meeting Room 1, UG Level, Hotel ibis Styles Kuala Lumpur Cheras, Jalan C180/1, Dataran C180, 43200 Cheras, Selangor Darul Ehsan on Monday, 5 September 2016 at 10.00 a.m. for the purpose of considering and if thought fit, passing the following resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY CHIP NGAI ENGINEERING WORKS SDN BHD ("CHIP NGAI") AND DOUWIN SDN BHD ("DOUWIN"), BOTH WHOLLY-OWNED SUBSIDIARIES OF CN ASIA OF TWO (2) PARCELS OF LEASEHOLD LAND HELD UNDER H.S.(M)20480 (PT NO. 17040) AND H.S.(M)20479 (PT NO. 17041), TEMPAT JALAN BALAKONG, SERDANG, MUKIM AND DISTRICT OF PETALING, STATE OF SELANGOR TO LTK PROPERTIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF LTKM BERHAD ("LTK PROPERTIES"), FOR A TOTAL CASH CONSIDERATION OF RM36,682,500 ("PROPOSED DISPOSALS").

"THAT subject to fulfilment of the conditions precedent and approvals of relevant authorities being obtained, approval be and is hereby given for Chip Ngai to dispose a parcel of leasehold land measuring approximately 9,669 sqms held under H.S.(M)20480, PT No. 17040, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with one (1)-storey steel frame structure annexed with two (2)-storey office, one (1)-storey steel frame structure detached factory, a five (5)-storey office building and a single storey temporary shed erected thereon to LTK Properties for a cash consideration of RM21,856,200, subject to the terms and conditions as contained in the Sale and Purchase Agreement dated 13 June 2016 between Chip Ngai and LTK Properties,

THAT subject to fulfilment of the conditions precedent and approvals of relevant authorities being obtained, approval be and is hereby given for Douwin, to dispose a parcel of leasehold land measuring approximately 6,559 sqms held under H.S.(M)20479, PT No. 17041, Tempat Jalan Balakong, Serdang, Mukim and District of Petaling, State of Selangor together with two (2) single storey temporary sheds erected thereon to LTK Properties for a cash consideration of RM14,826,300, subject to the terms and conditions as contained in the Sale and Purchase Agreement dated 13 June 2016 between Douwin and LTK Properties,

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute, sign and deliver for and on behalf of the Company all such documents as may be necessary to give full effect to the Proposed Disposals with full powers to assent to any terms, conditions, amendments and/or modifications or as a consequence of any requirement or as may be deemed necessary and/or expedient in the best interests of the Company."

By Order of the Board

LIM PAIK GOOT (MIA 13304)

KOH MUI TEE (LS 03057)

Company Secretaries

Kuala Lumpur

19 August 2016

Notes:

1. *Only depositors whose names appear in the record of depositors as at 29 August 2016 shall be regarded as members and entitled to attend, speak and vote at the meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy in the case of an individual shall be under the hand of the appointor or of his attorney duly authorised or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
5. *The Proxy Form must be deposited at the registered office of the Company at Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*



CN ASIA CORPORATION BHD
(Company No.: 399442-A)
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PROXY FORM

(To be completed in block letters)

No. of Shares held	CDS Account No.

*I/We

I/C or Passport or Company No. of

being a *member/members of the abovenamed Company, hereby appoint :

Full name (in Block Letters)	I/C/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

Full name (in Block Letters)	I/C/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

And/or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Meeting Room 1, UG Level, Hotel ibis Styles Kuala Lumpur Cheras, Jalan C180/1, Dataran C180, 43200 Cheras, Selangor Darul Ehsan on Monday, 5 September 2016 at 10.00 a.m. or any adjournment thereof, in respect of *my/our shareholding in the manner indicated below:

ORDINARY RESOLUTION	For	Against
PROPOSED DISPOSALS		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Dated thisday of.....2016

Tel No. (during office hours)

SHAREHOLDER
(If shareholder is a corporation, this form should be executed under common seal)

Notes:

- Only depositors whose names appear in the record of depositors as at 29 August 2016 shall be regarded as members and entitled to attend, speak and vote at the meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy in the case of an individual shall be under the hand of the appointor or of his attorney duly authorised or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretaries
CN ASIA CORPORATION BHD

Lot 7907, Batu 11, Jalan Balakong
43300 Seri Kembangan
Selangor Darul Ehsan

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