

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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CN ASIA CORPORATION BHD
(Registration No. 199601027090 (399442-A))
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) **PROPOSED BONUS ISSUE OF UP TO 30,201,985 NEW WARRANTS IN CN ASIA CORPORATION BHD ("CN ASIA") ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN CN ASIA HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED BONUS ISSUE OF WARRANTS"); AND**
- (II) **PROPOSED ESTABLISHMENT OF A SHARE ISSUANCE SCHEME ("SIS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF CN ASIA CORPORATION BHD (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES ("PROPOSED SIS")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



TA SECURITIES HOLDINGS BERHAD
(Registration No. 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of CN Asia Corporation Bhd will be held physically as follows:-

- | | |
|--|---|
| Last date and time for lodging the Form of Proxy | : Monday, 10 May 2021 at 11.00 a.m. |
| Date and time of the EGM | : Tuesday, 11 May 2021 at 11.00 a.m. or immediately after the 25th Annual General Meeting of the Company which will be held at the same venue and on the same day at 10.00 a.m., whichever is earlier or at any adjournment thereof |
| Venue of the EGM | : Ground Floor Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia |

If you decide to appoint a proxy or proxies for the EGM, you must complete, sign and return the proxy form and deposit it at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Registration No. 197101000970 (11324-H)), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, alternatively online via Share Registrars' website, TIH Online at <https://tiih.online>. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote or, in the case of a poll, not less than twenty-four (24) hours before the time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

This Circular is dated 12 April 2021

DEFINITIONS

Except where the context otherwise requires or defined herein, the following definitions shall apply throughout this Circular:-

Act	: Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
Board	: Board of Directors of the Company
Bursa Securities	: Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
By-laws	: By-laws governing the SIS, as amended, modified and supplemented from time to time, a draft of which is appended in Appendix II of this Circular
Circular	: This circular to Shareholders in relation to the Proposals
CN Asia or the Company	: CN Asia Corporation Bhd (Registration No. 199601027090 (399442-A))
CN Asia Group or the Group	: Collectively, the Company and its subsidiaries
Date of Offer	: The date of the letter in which an Offer is offered by the SIS Committee to the Eligible Persons to participate in the SIS
Deed Poll	: The Deed Poll constituting the Warrants to be executed by the Company in relation to the Proposed Bonus Issue of Warrants
Directors	: Directors of the Company for the time being and shall have the meaning ascribed to it in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007 and Director shall be construed accordingly
Effective Date	: The date on which the SIS shall take effect, to be determined by the SIS Committee, following full compliance with all relevant requirements prescribed under the Listing Requirements
EGM	: Extraordinary general meeting
Eligible Directors	: Directors (including executive and non-executive directors) who fulfil the eligibility criteria for participation in the SIS as set out in the By-laws
Eligible Employees	: Employees who fulfil the eligibility criteria for participation in the SIS as set out in the By-laws
Eligible Person(s)	: Collectively, the Eligible Directors and the Eligible Employees
Entitled Shareholders	: The shareholder(s) whose name(s) appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the Entitlement Date
Entitlement Date	: A date to be determined by the Board and announced later, on which the names of shareholders must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to the Proposed Bonus Issue of Warrants
EPS	: Earnings per Share

DEFINITIONS (CONT'D)

Exercise Price	:	The price at which a Grantee shall be entitled to subscribe for each new Share from the Company upon the exercise of the SIS Option, as initially determined and as may be adjusted in accordance with the provisions of the By-laws
FPE	:	Financial period ended
FYE	:	Financial year ended / ending
Grantee	:	An Eligible Person who has accepted an Offer in the manner provided in the By-laws
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	:	31 March 2021, being the latest practicable date prior to printing of this Circular
Maximum Shares	:	Maximum number of new Shares that may be granted under the SIS and shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the SIS
NA	:	Net assets
Offer	:	Written offer of SIS Options at the discretion of the SIS Committee, to an Eligible Person from time to time within the duration of the SIS
Official List	:	The official list of the Main Market of Bursa Securities
Proposals	:	Collectively, the Proposed Bonus Issue of Warrants and Proposed SIS
Proposed Bonus Issue of Warrants	:	Proposed bonus issue of up to 30,201,985 Warrants on the basis of 1 Warrant for every 2 existing Shares held by Entitled Shareholders on the Entitlement Date
Proposed Private Placement	:	Proposed private placement of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified later and at an issue price to be determined later
Proposed SIS	:	Proposed establishment of a SIS of up to 15% of the total number of issued Shares (excluding treasury shares, if any)
Share(s)	:	Ordinary share(s) of the Company
Shareholder(s)	:	Shareholder(s) of the Company
SIS	:	Share issuance scheme for the granting of the SIS Options to the Eligible Persons to subscribe for new Shares upon the terms as set out in the By-laws, such scheme to be known as "Employees' Share Issuance Scheme"
SIS Committee	:	The committee appointed and authorised by the Board from time to time to administer the SIS in accordance with the By-laws, comprising such number of Directors and/or other persons identified and appointed from time to time by the Board

DEFINITIONS (CONT'D)

SIS Options	: The right of a Grantee to subscribe for new Shares, during the SIS Option Period, at the Exercise price pursuant to an Offer duly accepted by the Grantee
SIS Option Period	: The period commencing from the Effective Date and expiring on (i) the last day of the duration of the SIS, or (ii) such other date as stipulated by the SIS Committee in the Offer, or (iii) on the date of termination or expiry of the SIS as provided in the By-laws
TA Securities or the Principal Adviser	: TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
TEAP	: Theoretical ex-all price
Warrants	: Up to 30,201,985 Warrants to be allotted and issued pursuant to the Proposed Bonus Issue of Warrants
VWAP	: Volume-weighted average market price

All references to “you” in this Circular are to the Shareholders.

In this Circular, words referring to 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. References to persons shall include corporations, unless otherwise specified.

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 Malaysia time, unless otherwise stated. Any discrepancies in the tables included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's plans and objectives will be achieved.

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TABLE OF CONTENTS

LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSALS CONTAINING:

SECTION	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSALS	2
3. UTILISATION OF PROCEEDS	11
4. RATIONALE FOR THE PROPOSALS	11
5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS	13
6. EFFECTS OF THE PROPOSALS	15
7. TENTATIVE TIMELINE	18
8. APPROVALS REQUIRED AND CONDITIONALITY	18
9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	19
10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM	19
11. BOARD'S RECOMMENDATION	20
12. EGM	20
13. FURTHER INFORMATION	21
APPENDIX I FURTHER INFORMATION	22
APPENDIX II DRAFT BY-LAWS	24
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED



CN ASIA CORPORATION BHD
(Registration No. 199601027090 (399442-A))
(Incorporated in Malaysia)

Registered Office

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

12 April 2021

Board of Directors

Dato' Sri Zulkifli Bin Abdullah (Independent Non-Executive Director, Chairman)
Datuk Seri Tan Choon Hwa (Non-Independent Non-Executive Director, Deputy Chairman)
YM Tengku Shamsulbhari Bin Tengku Azman Shah (Executive Director)
Chang Chee Ching (Executive Director)
Tania Scivetti (Independent Non-Executive Director)
Nadanarajah A/L Ramalingam (Independent Non-Executive Director)
Low Yong Heng (Independent Non-Executive Director)

PROPOSALS

1. INTRODUCTION

On 23 February 2021, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposals.

On 19 March 2021, TA Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 18 March 2021, granted its approval for the:-

- (i) admission of the Warrants to the Official List;
- (ii) listing and quotation of the Warrants as well as the new Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities; and
- (iii) listing and quotation of up to 15% of the total number of issued Shares to be issued upon exercise of the SIS Options.

The approval of Bursa Securities is subject to the conditions as set out in Section 8 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue of Warrants

2.1.1 Basis and number of Warrants to be issued

The Proposed Bonus Issue of Warrants is to be implemented on the basis of 1 Warrant for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date.

The actual number of Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants will depend on the total number of issued Shares as at the Entitlement Date. It is the intention of the Company to implement the Proposed Bonus Issue of Warrants after the implementation of the Proposed Private Placement but prior to the implementation of the Proposed SIS.

Based on the Company's enlarged total number of issued Shares of 60,403,970 Shares after the completion of the Proposed Private Placement (as illustrated in Section 6 of this Circular), the Proposed Bonus Issue of Warrants would entail the issuance of up to 30,201,985 Warrants.

Fractional entitlements arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and/or dealt with by the Board in such manner as the Board in its absolute discretion deems fit and expedient or in the interest of the Company.

The Entitlement Date will be determined and announced at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants. The Proposed Bonus Issue of Warrants is not intended to be implemented in stages over a period of time.

2.1.2 Salient terms of the Warrants

Issuer	: CN Asia
Issue size	: Up to 30,201,985 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants.
Form	: The Warrants will be issued in registered form and constituted by the Deed Poll.
Board lot	: For purpose of trading on Bursa Securities, a board lot of Warrants shall be 100 units of Warrants, unless otherwise revised by the relevant authorities.
Tenure	: 3 years commencing on and including the date of issuance of the Warrants.
Exercise Period	: The Warrants may be exercised at any time within the tenure of the Warrants, commencing from and including the date of issue of the Warrants to the close of business at 5.00 p.m. on the market day immediately preceding the 3rd anniversary of the date of issue of the Warrants. Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.

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Exercise Price	:	The exercise price of the Warrants shall be determined by the Board at a later date after obtaining all the relevant approvals but prior to the Entitlement Date. The exercise price and/or the number of the Warrants in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the terms and provisions of the Deed Poll.
Exercise Rights	:	Each Warrant shall entitle the holder of the Warrants to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments in accordance with provisions of the Deed Poll.
Mode of exercise	:	<p>The holders of the Warrants shall pay the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares in the Company:-</p> <p>(i) via online payment into a bank account of the Company maintained with a bank operating in Malaysia and provide the payment advice; or</p> <p>(ii) by banker's draft or cashier's order drawn on a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia for the aggregate of the Exercise Price payable when exercising their Warrants to subscribe for new Shares in the Company.</p> <p>The payment of such fee must be made in RM.</p>
Adjustments to the Exercise Price, Exercise Rights, Exercise Period and/or the number of the Warrants	:	The Exercise Price and/or the number of Warrants shall be adjusted by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants and such other event stipulated in the Deed Poll, subject to the provisions of the Deed Poll. Any adjustment to the Exercise Price will be rounded up to the nearest 1 sen.
Rights of the holders of Warrants	:	The Warrants do not confer on their holders any voting rights or any rights to participate in any forms of distribution and/or offer of further securities in the Company until and unless the holders of such Warrants have exercised their Warrants to subscribe for new Shares in accordance with the provisions of the Deed Poll and such new Shares have been allotted and issued to such holders.
Ranking of the new Shares to be issued pursuant to the exercise of the Warrants	:	The new Shares to be issued pursuant to the exercise of the Warrants in accordance with the provisions of the Deed Poll shall, upon allotment, issuance and payment of the Exercise Price, rank <i>pari passu</i> in all respects with the existing issued Shares, save and except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the Entitlement Date of which is prior to the date of allotment of the new Shares to be issued arising from the exercise of the Warrants.
Modification of rights of the Warrant holder	:	Save as otherwise provided in the Deed Poll, a special resolution of the Warrants holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant holders.

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Modification of the Deed Poll	<p>: The Company may, from time to time, without the consent or sanction of the holders of the Warrants but subject to the prior approval of any relevant authorities and in accordance with the provisions of the Deed Poll, modify the Deed Poll, if such amendments or additions are required to correct any typographical errors or relate purely to administrative matters which in the opinion of the Company will not be materially prejudicial to the interest of the Warrant holders, or are required to comply with any provisions of the prevailing laws of Malaysia, Rules of Bursa Depository, Securities Industry (Central Depositories) Act, 1991 and/or the Listing Requirements.</p> <p>Any modification to the terms and conditions of the Deed Poll may, subject to the approval of any relevant authorities, be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll.</p>
Rights of the Warrant holders in the event of winding-up, compromise and/or arrangement	<p>: Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then:-</p> <p>(i) the Company shall give notice to the Warrants holders within 21 days or such other time period as may be prescribed by Bursa Securities or such other relevant authorities from time to time of such resolution in accordance with the provisions of the Deed Poll;</p> <p>(ii) for the purposes of such winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants, or some person designated by them for such purpose by special resolution of the holders of Warrants, shall be a party, the terms of such winding-up, compromise and arrangement shall be binding on all the holders of the Warrants; and</p> <p>(iii) in any other cases, every Warrants holder shall be entitled to exercise his / her Warrants at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant holder credited as fully paid subject to the prevailing laws, and such Warrant holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he / she had on such date been the holder of the new Shares to which he / she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants shall lapse and cease to be valid for any purpose.</p>
Listing status	: The Warrants will be listed on the Main Market of Bursa Securities. The listing and quotation of the Warrants on the Main Market of Bursa Securities are subject to a minimum of 100 holders of Warrants.
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the rules of Bursa Malaysia Depository Sdn Bhd.
Governing Law	: The Warrants and the Deed Poll shall be governed by the laws and regulations of Malaysia.

2.1.3 Basis and justification of the issue price and exercise price of the Warrants

The Warrants will be issued at no cost to the Entitled Shareholders.

The exercise price of the Warrants shall be determined by the Board at a later date after obtaining all the relevant approvals but prior to the Entitlement Date. The Board in determining the exercise price of the warrants will take into consideration, amongst others, the prevailing market conditions, the market price of the Shares and the future prospects of the Company. The price-fixing announcement will also include the basis and justification for the exercise price of the Warrants.

The Board intends to fix the exercise price of the Warrants at a discount of between 0% and 20% to the TEAP of the Shares. Based on the illustrative exercise price of RM1.40 per Warrant, this represents a discount of approximately 4.05% to the TEAP of RM1.4591, calculated based on the 5-day VWAP of CN Asia Shares up to and including the LPD of RM1.4886.

2.1.4 Listing and quotation of the Warrants and new Shares pursuant to the exercise of the Warrants

The Warrants and the new Shares to be issued arising from the exercise of the Warrants will be listed on the Main Market of Bursa Securities.

2.1.5 Ranking of the Warrants and the new Shares to be issued arising from the exercise of Warrants

The holders of the Warrants are not recognised as Shareholders and are not entitled to any dividends, rights, allotments and/or other distributions until and unless such holders of the Warrants have exercised their Warrants into new Shares.

The new Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing issued Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment of the new Shares.

2.2 Proposed SIS

2.2.1 Details of the Proposed SIS

The Company proposes to establish and implement the Proposed SIS, which involves granting of SIS Options to the Eligible Persons as set out in the By-laws. The SIS Options granted under the SIS shall entitle the Eligible Persons to subscribe for new Shares at the Exercise Price to be determined at a later date.

The SIS will be administered by the SIS Committee. The SIS Committee will have absolute discretion in administering the SIS. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the SIS Committee pursuant to the By-laws may be exercised at the SIS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the SIS Committee's functions and responsibilities.

2.2.2 Maximum number of Shares available under the SIS

It is the intention of the Company to implement the Proposed SIS after the implementation of the Proposed Private Placement and the Proposed Bonus Issue of Warrants. The maximum number of new Shares which may be made available under the SIS shall not exceed the Maximum Shares (taking into account any new Shares to be issued pursuant to the Proposed Private Placement and the Proposed Bonus Issue of Warrants) at any point in time during the duration of the SIS.

Notwithstanding the above or any other provisions contained in the By-laws, if the number of new Shares to be issued pursuant to the exercise of the SIS Options granted under the SIS exceeds the Maximum Shares as a result of the Company purchasing its own Shares in accordance with the Act, or the Company undertaking any other corporate proposal and thereby diminishing the total number of issued Shares, then such SIS Options granted prior to the adjustment of such total number of issued Shares (excluding treasury shares, if any) shall remain valid and exercisable in accordance with the provisions of the By-laws.

However, in such a situation, the SIS Committee shall not make any further Offer until the total number of new Shares to be issued pursuant to the exercise of the SIS Options granted or to be granted under the SIS falls below the Maximum Shares at any point in time over the duration of the SIS after such adjustment.

It should be noted that even if the Maximum Shares are granted to the Eligible Persons, the actual number of new Shares to be issued pursuant to the exercise of the SIS Options may be lesser in view that not all Grantees under the SIS will exercise their SIS Options in full or at all.

2.2.3 Basis of allotment and maximum allowable allotment of new Shares

Subject to the Maximum Shares and any adjustments which may be made under the By-laws, the aggregate maximum number of SIS Options that may be offered to any Eligible Person shall be determined entirely at the discretion of the SIS Committee.

The SIS Committee will comprise Directors and/or other persons identified and appointed from time to time by the Board. At this juncture, the composition of the SIS Committee has yet to be decided by the Board.

The number of new Shares to be allocated to any Eligible Person who, either singly or collectively through persons connected with such Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed 10% of the total number of new Shares to be issued under the SIS.

Not more than 80%* of the SIS Options available under the SIS shall be allocated in aggregate to the Eligible Directors and senior management personnel of the companies in the Group.

Note:-

- * The basis of arriving at this threshold takes into account the number of Eligible Directors and senior management personnel of CN Asia Group (excluding dormant subsidiaries) who are eligible to participate in the Proposed SIS and was determined after considering that the Eligible Directors and senior management personnel are the key drivers to the growth of the Group's businesses.

This is intended to incentivise the Eligible Directors and senior management for their contribution towards improving the Group's overall financial performance and enhancing the total returns, which includes the appreciation of CN Asia's share price. The Proposed SIS also aims to reward and retain the Eligible Directors and senior management personnel of CN Asia Group (excluding dormant subsidiaries) for their high performance, commitment and loyalty.

Subject to the By-laws, the aggregate maximum number of Shares that may be offered to an Eligible Person under the SIS shall be determined at the sole and absolute discretion of the SIS Committee after taking into consideration, amongst others:-

- (i) the provisions of the Listing Requirements or other applicable regulatory requirements prevailing during the duration of the SIS;
- (ii) the performance, targets, position, annual appraised performance, seniority and length of service and contribution to the Group;

- (iii) category or grade of employment of the Eligible Person; and
- (iv) such other matters which the SIS Committee may in its sole and absolute discretion deem fit.

At the time an Offer is made, the SIS Committee shall set out the basis of the allocation of the Offer made to the Eligible Person.

For the avoidance of doubt, the SIS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this SIS are to be offered to the Grantees via:-

- (i) 1 single Offer at a time determined by the SIS Committee; or
- (ii) several Offers, where the vesting of the SIS Options comprised in those Offers is staggered or made in several tranches at such times and on such terms and conditions as may be determined by the SIS Committee,

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed the amount stipulated in Section 2.2.2 of this Circular.

In deciding between (i) and (ii) above, the SIS Committee shall consider, amongst others, whether it wishes to provide a one-off reward for the relevant Grantee's contribution to the Group to incentivise the Grantee's continued employment with the Group, or to motivate the relevant Grantee to achieve certain milestones throughout the course of the Grantee's career progression with the Group moving forward.

The SIS Committee also has the discretion to determine, amongst others:-

- (i) whether or not to stagger the Offer over the duration of the SIS for which each Offer shall be separate and independent from the others, including the maximum allocation of the Offer for each financial year in the event the Offer is staggered over the duration of the SIS;
- (ii) the number of SIS Options to be offered in each Offer;
- (iii) whether or not the SIS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
- (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the SIS.

No Eligible Person shall participate in the deliberation and/or discussion of their own respective allocations under the SIS.

No performance target has been set for the allocation of SIS Options at this juncture. Notwithstanding this, the SIS Committee may from time to time at its own discretion decide on the performance targets.

2.2.4 Eligibility to participate in the SIS

Only Eligible Persons who fulfil the following conditions on the Date of Offer shall be eligible to participate in the SIS:-

- (i) in respect of an employee of the Group, the employee must fulfil the following criteria as at the Date of Offer:-
 - (a) he / she is at least 18 years of age and he / she is not an undischarged bankrupt or subject to any bankruptcy proceedings;

- (b) he / she is employed on the Date of Offer:-
 - (aa) on a full-time basis and is on the payroll of any company in the Group (which are not dormant) and his/her employment has been confirmed by any company in the Group (which are not dormant) on the Date of Offer; or
 - (bb) under an employment contract for a fixed duration and has been in the employment of any company in the Group for such period as may be determined by the SIS Committee; and
 - (c) such employee falls within any other eligibility criteria (including variations to the eligibility criteria under Section 2.2.4(i)(a) or (b) above) that may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding;
- (ii) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:-
- (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (b) he / she has been appointed as a director to the board of directors of any member of the Group which is not dormant; and
 - (c) such director fulfils any other criteria as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding;
- (iii) in respect of a Director, a chief executive officer or a person connected with a Director or chief executive officer, the specific allocation of SIS Options granted under the SIS must have been approved by the Shareholders at a general meeting; and
- (iv) if the Eligible Person is employed by a company which is acquired by the Group during the duration of the SIS and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:-
- (a) he / she is at least 18 years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
 - (b) he / she is employed on a full-time basis and is on the payroll of the newly acquired company for a continuous period of at least 1 year and his / her employment has been confirmed by the newly acquired company.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Eligibility under the SIS does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the SIS and an Eligible Person does not acquire or have any rights over or in connection with the SIS Options unless an Offer has been made by the SIS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the By-laws.

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2.2.5 Duration of the Proposed SIS

The SIS shall be in force for a duration of 5 years from the Effective Date, subject to any extension of the SIS as provided under the By-laws.

On or before the expiry of the aforementioned 5 years of the SIS, the Board shall have the discretion, without having to obtain approval of the Shareholders, to extend the duration of the SIS, provided that the initial period of the SIS and such extension of the SIS made pursuant to the By-laws shall not in aggregate exceed 10 years from the Effective Date.

For the avoidance of doubt, no further sanction, approval, consent or authorisation of the Shareholders in a general meeting is required for any such extension. In the event the SIS is extended in accordance with the provision of the By-laws, the SIS Committee shall furnish a written notification to all Grantees and the Company shall make the necessary announcements to Bursa Securities prior to such extension.

The SIS may be terminated by the SIS Committee at any time before its expiry provided that the Company shall make an announcement immediately through Bursa Securities.

In the event of termination of the SIS, the following provisions shall apply:-

- (i) no further Offer shall be made by the SIS Committee from the effective date of termination of the SIS ("**Termination Date**");
- (ii) all Offers which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date;
- (iii) all Offers which have yet to be vested in the Eligible Person(s) shall automatically lapse on the Termination Date; and
- (iv) all outstanding SIS Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated on the Termination Date.

Approval or consent of Shareholders by way of a resolution in a general meeting and written consent of the Grantees who have yet to exercise their SIS Options are not required to effect the termination of the SIS.

2.2.6 Exercise of SIS Options

Subject to the By-laws, a Grantee shall be allowed to exercise the SIS Options granted to him / her either in whole or in part and in multiples of 100 Shares as the Grantee may be entitled under the SIS Options at any time during the SIS Option Period whilst he / she is in the employment of any company within the Group (which are not dormant).

There will be no restriction to the Grantee on the percentage of SIS Options exercisable by him / her during the SIS Option Period. Notwithstanding this, the SIS Committee may from time to time at its own discretion decide on whether the SIS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target.

2.2.7 Exercise Price

Subject to any adjustments that may be made in accordance with the By-laws, the Exercise Price shall be based on a price to be determined by the Board upon recommendation of the SIS Committee based on the 5-day volume-weighted average market price of the Shares immediately preceding the Date of Offer with a discount of not more than 10% during the duration of the SIS. The Exercise Price as determined by the SIS Committee shall be conclusive and binding on the Grantees.

2.2.8 Ranking of the new Shares to be issued pursuant to the exercise of the SIS Options

The new Shares to be issued arising from the exercise of the SIS Options shall, upon allotment, issue and payment of the Exercise Price, rank equally in all respects with the existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares upon exercise of the said SIS Options.

2.2.9 Retention / Restriction of Shares

The new Shares to be allotted and issued and/or transferred to a Grantee (save for an Eligible Director who is a non-executive Director) pursuant to the exercise of an SIS Option under the SIS will not be subject to any retention period or restriction on transfer unless otherwise stated in the Offer as may be determined by the SIS Committee from time to time at its discretion.

The Grantees are encouraged to hold the Shares as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain. Notwithstanding the above, pursuant to Paragraph 8.20 of the Listing Requirements, a Grantee who is a non-executive director of any company within the Group (excluding any dormant subsidiary) must not sell, transfer or assign his / her Shares obtained through the exercise of the SIS Options offered to him / her pursuant to the SIS within 1 year from the Date of Offer of such SIS Options or such period as may be prescribed by Bursa Securities.

2.2.10 Alteration of share capital during the SIS Option Period

In the event of any alteration in the capital structure of the Company during the duration of the SIS Option Period, whether by way of rights issue, bonus issue or other capitalisation issue consolidation or subdivision of Shares or reduction or any other alteration in the capital structure of the Company or otherwise howsoever, the SIS Committee may, at its discretion, determine whether the Exercise Price and/or the number of unexercised SIS Options shall be adjusted and if so, the manner in which such adjustments should be made.

Such adjustments must be confirmed in writing by the external auditors of the Company or an adviser (a person who is permitted to carry on regulated activity of advising corporate finance under the Capital Markets and Services Act, 2007 which includes a principal adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals issued by the Securities Commission Malaysia), to be in their opinion, fair and reasonable.

2.2.11 Modification, variation and/or amendment to the By-laws

Subject to the compliance with the Listing Requirements and any other relevant authorities, the SIS Committee may at any time recommend to the Board any additions, modifications or amendments to or deletions of the By-laws as it shall at its discretion think fit.

Subject to the By-laws, the approval of the Shareholders in a general meeting shall not be required in respect of the additions or amendments to or modifications or deletion of the By-laws provided that no additions, modifications or amendments or deletions shall be made to the By-laws which will:-

- (i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
- (ii) increase the number of Shares available under the SIS beyond the maximum set out in Section 2.2.2 of this Circular; or
- (iii) alter any matter which is required to be contained in the By-laws by virtue of the Listing Requirements to the advantage of the Eligible Person and/or Grantee.

3. UTILISATION OF PROCEEDS

The proceeds arising from the exercise of the Warrants and/or SIS Options will depend on, amongst others, the number of Warrants exercised and/or SIS Options granted and exercised at the relevant point in time as well as the Exercise Price. As such, the actual amount of proceeds arising from the exercise of the Warrants and/or SIS Options as well as the timeframe for the utilisation of proceeds could not be determined at this juncture.

Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the Warrants and/or SIS Options, if any, for the working capital of the Group. The working capital raised from the exercise of the Warrants and/or SIS Options will be utilised to finance the Group's day-to-day operations, including the payment of staff salaries as well as defrayment of operational and administrative expenses (e.g. utilities, inventories and other miscellaneous items such as marketing expenses).

The actual funding breakdown cannot be determined at this juncture as it will depend on, amongst others, the actual proceeds to be raised from the exercise of Warrants and/or SIS Options as well as the working capital requirements of the Group at the relevant point in time.

Pending utilisation of the proceeds to be raised from the Proposals, the proceeds may be placed in deposits with financial institutions and/or short-term money market instruments. The interest derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of the Group.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Bonus Issue of Warrants

The rationale for the Proposed Bonus Issue of Warrants is as follows:-

- (i) reward Shareholders for their continuous support by enabling them to participate in convertible securities of the Company, which are tradeable on Bursa Securities, without incurring any cost;
- (ii) provide Shareholders with an opportunity to increase their equity participation in the Company at a pre-determined exercise price during the tenure of the Warrants, and to allow Shareholders to further participate in the future growth of the Company when the Warrants are exercised; and
- (iii) to provide the Company with additional working capital when the Warrants are exercised in the future. The exercise of the Warrants will allow the Company to obtain proceeds without incurring interest expenses as compared to bank borrowings.

4.2 Proposed SIS

The Proposed SIS is established to achieve the following objectives:-

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company;

- (iv) to align the interests of the Eligible Persons with the interests of the Shareholders by providing an incentive for the Eligible Persons to participate in the future growth of the Group and motivating them towards achieving better performance; and
- (v) to attract and retain high-calibre Eligible Persons.

The non-executive Directors are also eligible to participate in the SIS. This is to recognise their contribution and effort as they play an important role in the business performance of the Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as to enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company, who will assist in the overall strategic decisions and directions of the Group.

Further, any proceeds to be received by the Company pursuant to the exercise of the SIS Options (which will depend on, amongst others, the number of SIS Options granted and exercised at the relevant point in time and the Exercise Price) will be utilised for the Company's working capital purposes.

4.3 Details of fund-raising exercises undertaken by the Company in the past 12 months

The Group had undertook the following fund-raising exercises in the past 12 months up to 23 February 2021, being the date of the first announcement of the Proposals:-

- (i) On 29 June 2020, CN Asia completed a 10% private placement exercise involving the issuance of 4,992,070 new Shares at an issue price of RM0.38, raising a total of RM1.90 million ("**2020 Private Placement**"). The said proceeds have been fully utilised as follows:-

	Actual proceeds raised	Actual utilisation up to to-date	Balance unutilised
Utilisation of proceeds	(RM'000)	(RM'000)	(RM'000)
Purchase of JBC Spare Parts ⁽¹⁾	1,846	1,846	-
Expenses in relation to the 2020 Private Placement	51	51	-
Total	1,897	1,897	-

Note:-

- (1) The purchase of JBC Spare Parts was in relation to a purchase agreement entered into by Chip Ngai Engineering Works Sdn Bhd, a wholly-owned subsidiary of the Company with HSJBC Corporation Sdn Bhd to purchase 51 units of JBC Light Truck – 4x2 – 6 Wheelers Complete with Spare Parts. Please refer to the announcement dated 5 June 2020 for further details.
- (ii) On 23 February 2021, the Company announced the Proposed Private Placement. Bursa Securities had vide its letter dated 18 March 2021 approved the listing and quotation of up to 5,491,200 Shares to be issued pursuant to the Proposed Private Placement, subject to conditions stated in the Bursa Securities' approval letter. As at the LPD, no Shares have been issued pursuant to the Proposed Private Placement.

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5. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The Malaysian economy improved to record a smaller contraction of 2.7% in the third quarter of 2020 (2Q 2020: -17.1%). The improvement largely reflected the reopening of the economy from COVID-19 containment measures and better external demand conditions. Improvements in growth were seen across most economic sectors, particularly in the manufacturing sector, which turned positive following strong electric and electronic production activity. On the expenditure side, domestic demand contracted at a slower pace, while net exports rebounded. On a quarter-on-quarter seasonally-adjusted basis, the economy turned around to register an expansion of 18.2% (2Q 2020: -16.5%).

The Malaysian economy is expected to improve further going into 2021 in tandem with better global demand and domestic policy support. The recent resurgence of COVID-19 cases and targeted containment measures could affect the momentum of the recovery in the final quarter of the year. However, as most economic sectors have been allowed to continue to operate subject to compliance with standard operating procedures (SOPs), the impact is expected to be less severe compared to the containment measures during previous periods.

Going into 2021, growth is expected to recover, benefitting from the improvement in global demand and a turnaround in public and private sector expenditure amid various policy support. This includes Government measures such as KITA PRIHATIN and the recently announced Budget 2021, specifically the Bantuan Prihatin Rakyat, targeted wage subsidies and public projects. Additionally, the continued financial measures and low interest rate environment are also expected to lend further support to economic activity.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2020, BNM)

Global economic and financial conditions, which deteriorated sharply in the first quarter as the COVID-19 pandemic escalated, are expected to deteriorate further, with a significant impact on the Malaysian economy. The domestic economy is also facing the economic effects of the necessary actions taken to contain COVID-19 locally and continued supply disruptions in the commodities sector. These shocks, particularly the significant economic repercussions induced by the unprecedented COVID-19 health crisis, are expected to weigh significantly on growth prospects for the year. The containment measures are undertaken by authorities globally and domestically, which are critical and necessary, are projected to weigh on growth in the first half of the year. When the health crisis is eventually addressed, growth will be supported by the gradual improvement in household spending, further progress in the implementation of transport-related projects and higher public sector expenditure. The monetary policy responses and economic stimulus measures undertaken in the first half of the year will provide additional support to growth. The economy is subsequently expected to normalize in 2021, in line with the projected recovery in the global economy.

(Source: Outlook and Policy 2020, Bank Negara Malaysia)

5.2 Overview and outlook of the Malaysian manufacturing industry

The manufacturing sector contracted by 8.7% during the first half of 2020, as almost all industry operations were temporarily halted, following supply chain disruptions amid the MCO. Within the export-oriented industries, the electric and electronics cluster was severely affected as global demand decelerated sharply. Domestic-oriented industries also recorded sluggish growth, with transport equipment; and non-metallic mineral products, basic metal and fabricated metal products segments registering a double-digit contraction.

Nonetheless, the manufacturing sector is expected to improve by 2.4% in the second half of 2020, as industrial activities resume operations in line with the gradual lifting of the MCO. Within the export-oriented industries, the E&E segment is projected to improve following rising demand for computer and electronic products. Chemical and rubber products are anticipated to continue to record high growth, benefitting from higher demand for rubber gloves and pharmaceutical products. Within the domestic-oriented industries, the food products and transport equipment segments are expected to rebound, supported by higher demand. Overall, for the year, the manufacturing sector is expected to decline by 3%.

The manufacturing sector is forecast to rebound by 7% in 2021, driven by steady improvement in both the export- and domestic-oriented industries. The E&E segment is projected to accelerate in line with the digital transformation as work-from-home (WFH) and virtual communication become part of new business practices. Higher demand for integrated circuits, memory and microchips within the global semiconductor market will further support the segment.

The production of chemical and rubber products is expected to expand rapidly in tandem with the increase in demand for disinfectants, sanitisers and rubber gloves. With the economic recovery, consumer-related products will benefit from higher household disposable income, while construction-related products will be supported by major infrastructure and affordable housing projects.

(Source: Economic Outlook 2021, Ministry of Finance Malaysia)

5.3 Prospects of CN Asia Group

CN Asia is primarily an investment holding company whilst its subsidiary is involved in the manufacturing of steel-based products including structural steel, liquefied petroleum gas vessels, tanks, road tankers and pressure vessels, as well as the provision of metal forming services. The customers of the Group are mainly from the oil and gas and petrochemical industries as well as those involved in the business of sewerage, civil and structural steel construction, power generation, and food and beverage.

The Group currently operates a manufacturing facility in Balakong, Selangor on leased land. The Group has been actively sourcing suitable land for acquisition to relocate its business operations.

In relation to the above, the Group had on 20 January 2020, announced the acquisition of a parcel of vacant land in the District of Kuala Langat, Selangor ("**Land**") ("**Proposed Acquisition**"). As at the date of this Circular, the Proposed Acquisition was unconditional and expected to be completed by second quarter of 2021. As such, the Proposed Acquisition will enable the Group to construct its new manufacturing facility on the Land to mitigate the risk of operational disruption and sustain its operations for the long run.

Notwithstanding the above, the Group has decided to defer its relocation to minimise capital expenditures after considering the general economic uncertainty in Malaysia due to the impact of the COVID-19 pandemic. Instead, the Group has resorted to renew the tenancy of its current manufacturing facility and focus on actively pursuing potential contracts / orders to enhance its order book. Further, the COVID-19 pandemic coupled with the implementation of MCO has resulted in the deferment of the progress of existing order book of the Group, which has in turn adversely affected the financial performance and financial position of the Group.

The proceeds raised from the Proposed Private Placement (which was undertaken in conjunction with the Proposals) will allow the Group to purchase the required raw materials to meet its current and expected orders in the near term as well as to cater for any new orders that may be secured. Further, any proceeds arising from the exercise of the Warrants and/or SIS Options may be utilised for the working capital of the Group.

Premised on the above and after having considered all the relevant aspects including the overview of the Malaysian manufacturing industry, the Board is cautiously optimistic of the future prospects of the Group and is of the view that 2021 will remain a challenging year.

6. EFFECTS OF THE PROPOSALS

6.1 Share capital

The Proposed SIS is not expected to have an immediate effect on the Company's share capital until such time when the SIS Options are granted and exercised. The Company's share capital will increase progressively depending on the number of new Shares which are issued pursuant to the exercise of the SIS Options and the Exercise Price.

For illustration, assuming the Proposed SIS is implemented after the Proposed Private Placement and Proposed Bonus Issue of Warrants, the pro-forma effects of the Proposals on the issued share capital of the Company as at the LPD is as follows:-

	No. of Shares	Share capital (RM)
Issued share capital as at the LPD	54,912,770	42,097,821
To be issued pursuant to the Proposed Private Placement	5,491,200	7,687,680 ⁽¹⁾
Enlarged issued share capital after the Proposed Private Placement	60,403,970	49,785,501
To be issued assuming full exercise of the Warrants	30,201,985	42,282,779 ⁽²⁾
Enlarged issued share capital after full exercise of the Warrants	90,605,955	92,068,280
To be issued assuming full exercise of the SIS Options	13,590,800	19,027,120 ⁽³⁾
Enlarged issued share capital after full exercise of the SIS Options	104,196,755	111,095,400

Notes:-

- (1) Based on an illustrative issue price of RM1.40 per Placement Share.
- (2) Based on an illustrative exercise price of RM1.40 per Warrant.
- (3) Assuming all the SIS Options are exercised into new CN Asia Shares at the illustrative exercise price of RM1.40 per new CN Asia Share, which represents a discount of approximately 5.95% to the 5-day VWAP of CN Asia Shares up to and including the LPD of RM1.4886.

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6.2 NA and gearing

Assuming the Proposed SIS is implemented after the Proposed Private Placement and Proposed Bonus Issue of Warrants, the pro forma effects of the Proposals on the NA and gearing of the Group are as follows:-

		(I)	(II)
	Audited as at 31 December 2020	After the Proposed Private Placement ⁽¹⁾	After (I) and assuming full exercise of Warrants ⁽²⁾
	(RM'000)	(RM'000)	(RM'000)
Share capital	42,098	49,786	92,068
Retained earnings	(2,352)	(2,852)	(2,852)
Shareholders' equity / NA / Total equity	39,746	46,934	89,216
No. of CN Asia Shares in issue ('000)	54,913	60,404	90,606
NA per CN Asia Share (RM)	0.72	0.78	0.98
Total borrowings (RM'000)	3,625	3,625	3,625
Gearing (times)	0.09	0.08	0.04

Notes:-

- (1) Based on an illustrative issue price of RM1.40 per Placement Share and after deducting estimated expenses to be incurred in relation to the Proposed Private Placement and Proposals of RM0.50 million.
- (2) Based on the illustrative exercise price of RM1.40 per Warrant.

The Proposed SIS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the SIS Options granted under the SIS are exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued upon the exercise of the SIS Options granted under the SIS and the Exercise Price.

For illustrative purposes, upon exercise of the SIS Options, the NA per Share is expected to:-

- (i) increase if the Exercise Price is higher than the NA per Share; or
- (ii) decrease if the Exercise Price is lower than the NA per Share,

at the point of the SIS Options being exercised.

Any potential effect on the NA and gearing of the Group in the future will depend on the number of SIS Options granted and exercised, the Exercise Price and the non-cash expenses arising from the granting of the SIS Options under Malaysian Financial Reporting Standards 2 ("MFRS 2").

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the SIS Options. Further information on this is set out in Section 6.4.2 of this Circular.

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6.3 Substantial Shareholders' shareholdings

The Proposals are not expected to have any immediate effect on the substantial Shareholders' shareholdings in the Company until and unless new Shares are issued pursuant to the exercise of the Warrants and/or SIS Options. Any potential effect on the substantial Shareholders' shareholdings in the Company would depend on the number of new Shares to be issued upon the exercise of the Warrants and/or SIS Options at the relevant point in time.

6.4 Earnings and EPS

6.4.1 Proposed Bonus Issue of Warrants

The Proposed Bonus Issue of Warrants is not expected to have an impact on the consolidated earnings of the Company save for the dilution in the EPS as a result of the increase in the number of Shares arising from the exercise of Warrants.

The potential effect of the Proposed Bonus Issue of Warrants on the future earnings and EPS of the Group will depend upon, amongst others, the number of Shares issued pursuant to the number of Warrants exercised at any point in time and the potential benefits from the utilisation of the proceeds.

Although the EPS shall be correspondingly diluted as a result of the increase in the number of Shares upon the exercise of the Warrants, the Proposed Bonus Issue of Warrants is expected to contribute positively to the Company's earnings thereafter through the utilisation of proceeds.

6.4.2 Proposed SIS

The Proposed SIS is not expected to have any immediate material effect on the earnings and EPS of the Group until such time when the SIS Options are granted and exercised. Any potential effect on the EPS of the Group in the future will depend on the number of SIS Options granted and exercised, the Exercise Price and the non-cash expenses arising from the granting of the SIS Options under MFRS 2.

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting the SIS Options based on, amongst others, the share price volatility, risk-free interest rate and pricing model. The fair value of the SIS Options will be recognised as an expense in the profit or loss account of the Group over the vesting period of such SIS Options. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment. The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of SIS Options to the Eligible Persons.

6.5 Convertible securities

The Company does not have any other outstanding convertible securities as at the LPD.

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7. TENTATIVE TIMELINE

The tentative timeline of events leading to the completion of the Proposals are as follows:-

Date	Events
11 May 2021	EGM for the Proposals
June 2021	Entitlement Date Establishment of the SIS
June 2021	Listing and quotation of the Warrants

8. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to the following approvals being obtained:-

- (i) the approval of Bursa Securities for the:-
 - (a) admission of the Warrants to the Official List;
 - (b) listing and quotation of the Warrants and the new Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities; and
 - (c) listing and quotation of the new Shares to be issued pursuant to the Proposed SIS;

The approval by Bursa Securities for the above was obtained via its letter dated 18 March 2021, subject to amongst others, the following conditions:-

Conditions	Status of compliance
(a) CN Asia and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals including compliance with Paragraphs 6.03(1) and 6.50 of the Listing Requirements respectively;	To be met
(b) CN Asia and TA Securities are required to inform Bursa Securities upon the completion of the Proposed Private Placement and Proposed Bonus Issue of Warrants;	To be met
(c) TA Securities is required to submit a confirmation to Bursa Securities of full compliance of the Proposed SIS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders at the EGM for the Proposed SIS;	To be met
(d) CN Asia is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the issuance of new Shares under the Proposed SIS and exercise of the Warrants as at the end of each quarter together with a detailed computation of listing fees payable; and	To be met
(e) CN Asia and TA Securities are required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement and Proposed Bonus Issue of Warrants are completed.	To be met

- (ii) the approval of Shareholders at the forthcoming EGM; and
- (iii) the approvals / consents of any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue of Warrants and Proposed SIS are not inter-conditional.

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

9. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular:-

- (i) the Proposed Acquisition. As at the date of this Circular, the Proposed Acquisition is unconditional and is expected to be completed in the second quarter of 2021;
- (ii) the Proposed Private Placement; and
- (iii) the Proposals.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

10.1 Proposed Bonus Issue of Warrants

None of the Directors, major Shareholders, chief executive and/or persons connected to them has any interest, direct or indirect, in the Proposed Bonus Issue of Warrants other than their respective entitlements under the Proposed Bonus Issue of Warrants as shareholders of the Company, to which all Entitled Shareholders are similarly entitled to.

10.2 Proposed SIS

All the Directors of the Company are deemed interested in the SIS Options by virtue of their eligibility for the SIS Options in their capacity as Directors and in respect of their allocations as well as allocations to persons connected to them under the Proposed SIS.

The details of the Directors of the Company and their respective shareholdings in the Company as at the LPD are as follows:-

Director	Direct interest		Indirect interest	
	No. of ordinary shares	% ⁽¹⁾	No. of ordinary shares	% ⁽¹⁾
Chang Chee Ching	-	-	-	-
Dato' Sri Zulkifli Bin Abdullah	-	-	-	-
Datuk Seri Tan Choon Hwa	2,188,000	3.98	-	-
Low Yong Heng	-	-	-	-
Tania Scivetti	203,100	0.37	-	-
Nadanarajah A/L Ramalingam	-	-	-	-
YM Tengku Shamsulbhari Bin Tengku Azman Shah	-	-	-	-

Note:-

(1) Computed based on 54,912,770 Shares as at the LPD.

As the Board is desirous to allocate the SIS Options to Directors of the Company, each of the Directors will abstain from all Board deliberations and voting in respect of allocation of SIS Options to themselves as well as the allocations to any persons connected to them.

Further, each of the Directors will abstain from voting, in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolutions pertaining to their respective allocation of SIS Options as well as the allocations to any persons connected to them under the Proposed SIS at the forthcoming EGM.

Each of the Directors will ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings (if any) on the resolutions pertaining to their respective allocation of SIS Options as well as the allocations to any persons connected to them under the Proposed SIS at the forthcoming EGM.

11. BOARD'S RECOMMENDATION

The Board having considered all aspects of the Proposals, including but not limited to the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Company.

Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

12. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Ground Floor Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia on the date and time indicated below or at any adjournment thereof for the purpose of considering and, if thought fit, passing the resolutions, with or without modifications, to give effect to the Proposals.

Date and time of the EGM	: Tuesday, 11 May 2021 at 11.00 a.m. or immediately after the 25th Annual General Meeting of the Company which will be held at the same venue and on the same day at 10.00 a.m., whichever is earlier or at any adjournment thereof
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If you are unable to attend and vote in person at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf by completing, signing and returning the enclosed Form of Proxy in accordance with the instructions contained therein as soon as possible, so as to arrive at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Registration No. 197101000970 (11324-H)), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, alternatively online via Share Registrars' website, TIIH Online at <https://tiih.online>. Please refer to the Administrative Notes for further information on submission via TIIH Online. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote or, in the case of a poll, not less than twenty-four (24) hours before the time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

The lodging of the proxy form will not preclude you from attending and voting at the EGM should you subsequently decide to do so and in such an event, your proxy form shall be deemed to have been revoked.

13. FURTHER INFORMATION

Please refer to the enclosed appendices for further information.

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

CHANG CHEE CHING
Executive Director

1. RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

TA Securities, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which it appears in this Circular.

TA Securities has confirmed that there is no conflict of interest or any circumstances which would or is likely to give rise to a possible conflict of interests in relation to its roles as the Principal Adviser for the Proposals.

3. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the CN Asia Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular are as follows:-

	High RM	Low RM
<u>2020</u>		
April	0.395	0.350
May	0.390	0.320
June	0.690	0.320
July	0.905	0.590
August	0.945	0.585
September	0.680	0.505
October	0.680	0.530
November	0.705	0.580
December	2.240	0.590
<u>2021</u>		
January	2.500	1.170
February	1.870	1.220
March	1.580	1.430
Last transacted market price on 22 February 2021, being the last market day immediately prior to the first announcement of the Proposals	1.59	
Last transacted market price on the LPD	1.50	

(Source: Bloomberg)

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4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**Material commitments**

As at the LPD, save for the purchase consideration of RM4.00 million in relation to the Proposed Acquisition, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group that have not been provided for, which upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group.

Contingent liabilities

Save as disclosed below, as at the LPD, the Board confirmed that there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial position or financial performance of the Group:-

Description	Amount (RM'000)
Banker's guarantee issued in favour of third parties	1,322

5. MATERIAL LITIGATION

The Board confirmed that the Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has or would have a material and adverse effect on the financial position or business of the Group and the Board confirmed that there are no proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

6. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) Constitution of the Company;
- (ii) audited consolidated financial statements of the Company for the FYE 31 December 2018, FYE 31 December 2019 and FYE 31 December 2020;
- (iii) letter of consent referred to in Section 2 of this Appendix I;
- (iv) draft Deed Poll; and
- (v) draft By-laws as set out in Appendix II of this Circular.

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**THE BY-LAWS OF
CN ASIA CORPORATION BHD
SHARE ISSUANCE SCHEME**

1. NAME OF SCHEME

This Scheme shall be called the “CN Asia’s Share Issuance Scheme” (“**Scheme**”).

2. OBJECTIVES OF SCHEME

The objectives of the Scheme (as defined herein) are:

- (i) to drive and motivate the Eligible Persons (as defined herein) to work towards achieving the Group’s (as defined herein) goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company (as defined herein);
- (iv) to align the interests of the Eligible Persons with the interests of the Shareholders (as defined herein) by providing an incentive for the Eligible Persons to participate in the future growth of the Group and motivating them towards achieving better performance; and
- (v) to attract and retain high-calibre Eligible Persons.

3. DEFINITIONS AND INTERPRETATION

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:

- | | |
|----------------------------|---|
| “Act” | - The Companies Act, 2016 as may be amended from time to time and includes any re-enactment thereof or any new act enacted and gazetted to replace and supersede the Act |
| “Available Balance” | - The unissued shares of the Company which is available for the offer of further SIS Options subject to the limit set out in By-Law 4.2 and after deducting all SIS Options which have been offered and accepted |
| “Board” | - The Board of Directors of the Company |
| “Bursa Securities” | - BURSA MALAYSIA SECURITIES BHD [Registration No. 200301033577 (635998-W)] |
| “By-Law(s)” | - The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-Law 22) |
| “CDS” | - A Central Depository System governed under the Security Industry (Central Depositories) Act 1991 |

“CDS Account”	- An account established by BURSA MALAYSIA DEPOSITORY SDN BHD [Registration No. 198701006854 (165570-W)] for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
“CN Asia” or “Company”	- CN ASIA CORPORATION BHD [Registration No. 199601027090(399442-A)]
“CN Asia Group” or “Group”	- Collectively, the Company and its subsidiaries (as defined under Section 4 of the Act which are not dormant. Subsidiaries shall include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme, but exclude any subsidiaries which have been divested in the manner provided under By-Law 17.2)
“CN Asia Share(s)” or “Share(s)”	- Ordinary share(s) in the Company
“Constitution”	- The Constitution of the Company, as amended from time to time
“Date Acceptance”	of - The date whereupon the SIS Committee shall receive the written notice from an Eligible Person accepting an Offer
“Date of Expiry”	- The last day of the duration of the Scheme as provided in By-Law 19.3
“Date of Offer”	- The date on which an Offer (including any subsequent Offers) is made by the SIS Committee to an Eligible Person in the manner provided in By-Law 7
“Director(s)”	- Directors (either an executive director or a non-executive director) of any company within the Group (excluding dormant subsidiaries) and ‘Director’ shall be construed accordingly
“Effective Date”	- The effective date for the launching and/or implementation of the Scheme, as provided in By-Law 19.1
“Eligible Director(s)”	- Director(s) who fulfils the conditions of eligibility stipulated in By-Law 5.1
“Eligible Employee(s)”	- Employee(s) who fulfils the conditions of eligibility stipulated in By-Law 5.1
“Eligible Person(s)”	- Eligible Employee(s) or Eligible Director(s), as the case may be
“Entitlement Date”	- The date as at the close of business on which shareholders’ names must appear on the Record of Depositors of CN Asia in order to participate in any dividends, rights, allotments or other distributions
“Employee(s)”	- A natural person which is employed by and on the payroll of any company in the Group

“Grantee”	- An Eligible Person who has accepted an Offer (or any part thereof) in the manner provided in By-Law 8
“Listing Requirements”	- The Main Market Listing Requirements of Bursa Securities, as may be amended from time to time
“Market Day(s)”	- A day in which Bursa Securities is open for the trading of securities
“Maximum Allowable Allocation”	- The maximum number of new Shares that may be offered and allotted to the Eligible Persons in accordance with the provisions of By-Law 6
“Offer(s)”	- Written offer(s) made by the SIS Committee to an Eligible Person in the manner provided in By-Law 7
“SIS” or “Scheme”	- The scheme for the granting of SIS Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the “CN Asia’s Share Issuance Scheme”
“SIS Committee”	- A committee comprising of Director(s) and/or Senior Management (as defined in By-Law 6.1) or other persons appointed from time to time by the Board to administer the Scheme, in accordance with the provisions of By-Law 21
“SIS Option(s)”	- The right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the SIS Committee pursuant to By-Law 7
“SIS Option Period”	- The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in By-Law 19.3 . In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended
“Subscription Price”	- The price at which a Grantee shall be entitled to subscribe for each new Share as calculated in accordance with the provisions of By-Law 11

- 3.2 For the purposes of these By-Laws, all references made to “Bursa Securities” and “Listing Requirements” shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of these By-Laws.
- 3.3 The headings in these By-Laws are for ease of reference only and shall not be taken into account in the interpretation of these By-Laws.
- 3.4 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes or listing requirements include any consolidations, replacements or revisions of the same.
- 3.5 Words importing the masculine gender shall include the feminine and neuter genders and vice versa.

- 3.6 Words importing the singular number shall include the plural number and vice versa.
- 3.7 If an event is to occur on a stipulated day, which is not a Market Day, then the stipulated day will be taken to be the first (1st) Market Day after that day.
- 3.8 Any liberty or power which may be exercised or any determination which may be made hereunder by the SIS Committee shall be exercised in the SIS Committee's absolute and unfettered discretion and the SIS Committee shall not be under any obligation to give any reason there for except as may be required by the relevant authorities or under the law.

4. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 4.1 Each SIS Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 4.2 The maximum number of new Shares to be allotted and issued pursuant to the exercise of the SIS Options that may be granted under the Scheme shall not, in aggregate, exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

The aggregate number of new Shares available pursuant to the Scheme shall consist of:

- (i) the SIS Options exercised by all the Grantees;
- (ii) the remaining SIS Options exercisable by all the Grantees; and
- (iii) the unexpired Offers pending acceptance by all the Eligible Persons,

and shall not exceed an amount equivalent to fifteen percent (15%) of the prevailing total number of issued shares of the Company (excluding treasury shares, if any) at any point of time.

- 4.3 Notwithstanding **By-Law 4.2** above or any other provisions herein contained, in the event the maximum number of new Shares comprised in the SIS Options granted under the Scheme exceeds the aggregate of fifteen percent (15%) of the prevailing total number of issued shares (excluding treasury shares, if any), at any one time of the Company as a result of the Company:

- (i) purchasing its own Shares pursuant to Section 127 of the Act whereby the shares so purchased in treasury will not be taken into account in calculating the number of its issued shares; or
- (ii) undertaking any other corporate proposal and thereby diminishing the total number of issued shares of the Company,

then the SIS Options granted prior to the adjustment of the total number of issued shares of the Company shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the SIS Committee shall not make any further Offers, unless and until such time when the total number of Shares to be issued under the Scheme falls below fifteen percent (15%) of the Company's prevailing total number of issued shares (excluding treasury shares), at any one time throughout the duration of the Scheme as provided in **By-Law 19.3**.

5. ELIGIBILITY

- 5.1 To qualify as an Eligible Person for participation in the Scheme, a person must, as at the Date of Offer fulfil the following conditions:
- (a) in respect of an Employee, the Employee must fulfil the following criteria as at the Date of Offer:
 - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she is employed on the Date of Offer –
 - (1) on a full-time basis and is on the payroll of any company in the Group and his/her employment has been confirmed by any company in the Group on the Date of Offer; or
 - (2) under an employment contract for a fixed duration and has been in the employment of any company in the Group for such period as may be determined by the SIS Committee; and
 - (iii) such Employee falls within any other eligibility criteria (including variations to the eligibility criteria under By-Law 5.1(a)(i) or (ii) above) that may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.
 - (b) in respect of an Eligible Director, the Eligible Director must fulfil the following criteria as at the Date of Offer:
 - (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings;
 - (ii) he/she has been appointed as a Director of any company within the Group which is not dormant; and
 - (iii) such Director fulfils any other criteria as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.
 - (c) In respect of a Director, a chief executive officer of the Company or a person connected with a Director or chief executive officer, the specific allocation of SIS Options granted under the Scheme must have been approved by the shareholders of the Company at a general meeting.
 - (d) If the Eligible Person is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary whether directly or indirectly held by the Company upon such acquisition, the Eligible Person must fulfil the following as at the Date of Offer:

- (i) he/she is at least eighteen (18) years of age and he/she is not an undischarged bankrupt or subject to any bankruptcy proceedings; and
- (ii) he/she is employed full time basis and is on the payroll of the newly acquired company for a continuous period of at least one (1) year and his/her employment has been confirmed by the newly acquired company.

The Eligible Person must fulfil any other criteria and/or fall within such category / designation of employment as may be determined by the SIS Committee from time to time at its sole discretion, whose decision shall be final and binding.

Notwithstanding that, the selection of any Eligible Person for participation in the Scheme as well as the allocation of SIS Options to any Eligible Person shall be at the sole and absolute discretion of the SIS Committee and that the decision of the SIS Committee shall be final and binding.

- 5.2 The Eligible Employees or Eligible Directors of the subsidiaries of the Company which are dormant shall not be eligible to participate in the Scheme.
- 5.3 Subject to **By-Law 6.1**, in the event that the SIS Committee has determined that certain Eligible Persons are entitled to be offered additional SIS Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the SIS Committee may determine and such decision shall be final and binding.
- 5.4 The SIS Committee has the sole and absolute discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.5 Each Eligible Director can only participate in the Scheme in one (1) capacity irrespective of the number of directorships or positions he holds in the Group.
- 5.6 Eligibility under the Scheme does not confer a claim or right to participate in the Scheme unless the SIS Committee has made an Offer to the Eligible Person under **By-Law 7**, and an Eligible Person does not acquire or has any rights over or in connection with any SIS Options or the Shares comprised therein unless an Offer has been made by the SIS Committee and has been accepted by the Eligible Person in accordance with the terms of the Offer and the Scheme.
- 5.7 A set of criteria on eligibility and criteria for allocation as determined by the Board from time to time shall be made available to the Eligible Persons. The allocation of the SIS Options pursuant to the Scheme shall be verified by the audit committee of the Company at the end of each financial year and a statement made by the audit committee on the verification of such allocation shall be included in the annual report of the Company.
- 5.8 Where an Offer is made to an Eligible Person who is a member of the SIS Committee, such grant of SIS Option shall be decided and carried out by the SIS Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the SIS Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be granted to him/her at the relevant SIS Committee meetings.

6. BASIS OF ALLOCATMENT AND MAXIMUM ALLOWABLE ALLOTMENT

6.1 Subject to **By-law 4** and any adjustment which may be made under the By-Laws, the aggregate maximum number of new Shares comprised in the SIS Options to be offered to an Eligible Person shall be at the sole and absolute discretion of the SIS Committee after taking into consideration, the performance, targets, position, annual appraised performance, seniority and length of service, contribution, category or grade of employment of the Eligible Person and such other factors that the SIS Committee may deem relevant, subject to the following:

- (a) any Eligible Person shall not participate in the deliberation or discussion of their own allocation under the Scheme;
- (b) the allocation to an Eligible Person who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares. If any) of CN Asia, does not exceed ten percent (10%) of the total number of new Shares to be issued under the Scheme; and
- (c) not more than eighty percent (80%) of the new Shares to be issued under the Scheme shall be allocated in aggregate to the Eligible Directors and Senior Management,

provided always that it is in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities, the Listing Requirements or any other requirements of the relevant authorities as may be amended from time to time.

The term “**Senior Management**” shall refer to an Employee of the Group holding the position of senior manager (including Director) and above or other senior position and shall be subject to criteria to be determined by the SIS Committee that may change from time to time and the term “**person(s) connected**” shall have the same meaning as defined in Paragraph 1.01 of the Listing Requirements.

- 6.2
- (a) An Offer by the SIS Committee to an Eligible Person shall be subject to a minimum of one hundred (100) Shares for each SIS Option and in multiples of one hundred (100) Shares for each SIS Option.
 - (b) For avoidance of doubt, the SIS Committee shall have the sole and absolute discretion in determining whether the Shares available for vesting under this Scheme are to be offered to the Eligible Person via:
 - (i) one single Offer (as the case may be) at a time to be determined by the SIS Committee; or
 - (ii) several Offers (as the case may be) where the vesting of Shares comprised in those Offers is staggered or made in several tranches at such times and on terms determined by the SIS Committee

provided always that the aggregate number of new Shares in respect of the Offers granted to any Eligible Person shall not exceed an amount equivalent to fifteen percent (15%) of the prevailing total number of issued shares of the Company (excluding treasury shares, if any) at any one (1) time. In deciding between (i) and (ii) above, the SIS Committee shall consider, amongst others, whether it wishes to provide a one-off reward for the relevant Grantee's contribution to the Group to incentivise the Grantee's continued employment with the Group, or to motivate the relevant Grantee to achieve certain milestones throughout the course of the Grantee's career progression with the Group moving forward.

- (c) The SIS Committee also has the discretion to determine, amongst others:-
 - (i) whether or not to stagger the Offer over the duration of the SIS for which each Offer shall be separate and independent from the others, including the maximum allocation of the Offer for each financial year in the event the Offer is staggered over the duration of the SIS;
 - (ii) the number of SIS Options to be offered in each Offer;
 - (iii) whether or not the SIS Options are subject to any vesting period and if so, the vesting conditions and whether such vesting is subject to performance target; and
 - (iv) such other terms and conditions as it shall deem fit and appropriate to be imposed for the participation in the Scheme.
 - (d) In the event that an Eligible Person is moved to a higher category of employment or entitlement within the Scheme, his/her Maximum Allowable Allocation shall be increased accordingly with the scale of such category upon his/her confirmation in the higher category. However, the SIS Committee has the sole and absolute discretion in deciding whether to grant SIS Options or further SIS Options, as the case may be, notwithstanding any such change in the Employee's Maximum Allowable Allocation.
 - (e) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:
 - (i) his/her Maximum Allowable Allocation shall be reduced accordingly with the scale of such category;
 - (ii) in the event that the total number of SIS Options which have been offered to him/her up to the date he/she is moved to the lower category is greater than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all unexercised SIS Options held by him/her on such date but he/she shall not be entitled to be offered any further SIS Options unless and until he/she is subsequently moved to a higher category or there is an increase to his/her Maximum Allowable Allocation under such lower category, so that his/her new Maximum Allowable Allocation is increased to an amount greater than the total number of SIS Options which have already been offered to him/her; and
 - (iii) in the event that the total number of SIS Options which have been offered to him/her as of the date he/she is moved to the lower category is less than his/her Maximum Allowable Allocation under such lower category, he/she shall be entitled to continue to hold and to exercise all unexercised SIS Options held by him/her on such date and, subject to **By-Law 6.1** to be offered further SIS Options up to his/her Maximum Allowable Allocation under such lower category.
- 6.3 The SIS Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Allowable Allocation. The decision of the SIS Committee shall be final and binding.
- 6.4 The SIS Committee may at its sole and absolute discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the Maximum Allowable Allocation in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.

- 6.5 The SIS Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of SIS Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Allowable Allocation.

7. OFFER

- 7.1 During the existence of the Scheme, the SIS Committee may at its sole and absolute discretion at any time and from time to time make Offers in writing to an Eligible Person, subject to the Eligible Person's Maximum Allowable Allocation.
- 7.2 The SIS Committee shall state the following particulars in the Offer:
- (a) date of the Offer;
 - (b) the vesting conditions of the SIS Options (if any/if applicable);
 - (c) the vesting date(s) of the SIS Options (if any/if applicable);
 - (d) the number of SIS Options that are being offered to the Eligible Person;
 - (e) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the SIS Options being offered;
 - (f) the SIS Option Period;
 - (g) the Subscription Price;
 - (h) the Offer Period as defined in **By-Law 7.3**; and
- may include such / any other conditions as may be stipulated by the SIS Committee.
- 7.3 An Offer shall be valid for a period of thirty (30) days from the Date of Offer or such period as may be determined by the SIS Committee on a case-to-case basis ("**Offer Period**").
- 7.4 No Offer shall be made to any Eligible Person who is a Director, chief executive officer of the Company or who is a person connected with a Director or chief executive officer of the Company, unless such Offer and the grant of SIS Options have previously been approved by the shareholders of the Company in a general meeting.
- 7.5 Without prejudice to **By-Law 21**, in the event of an error on the part of the Company in stating any of the particulars referred to in **By-Law 7.2**, the following provisions shall apply:
- (a) within one (1) month after the discovery of the error, the Company shall issue a supplemental Offer, stating the correct particulars referred to in **By-Law 7.2**;
 - (b) in the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental Offer shall remain as the Subscription Price as set out in the original Offer; and

- (c) in the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental Offer shall be the correct Subscription Price applicable as at the date of the initial Offer (as determined in accordance with **By-Law 11**), but it shall not apply to any SIS Options which have already been exercised as at the date of issue of the supplemental Offer.

- 7.6 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of SIS Options offered and accepted, the number of SIS Options exercised, the Date of Offer and the Subscription Price.

8. ACCEPTANCE

- 8.1 An Offer must be accepted by an Eligible Person within the Offer Period by written notice to the SIS Committee accompanied by a payment of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the SIS Options. The date of receipt by the SIS Committee of such written notice shall constitute the Date of Acceptance.
- 8.2 If an Offer is not accepted in the foregoing manner, the Offer shall automatically lapse upon the expiry of the Offer Period and shall be null and void and be of no further force and effect. The number of SIS Options offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation of that Eligible Person, and that Eligible Person shall not be entitled to be offered the number of SIS Options offered in the lapsed Offer, in any Offers made in the future unless otherwise decided by the SIS Committee. However, SIS Options not taken up resulting from the non-acceptance of Offers within the Offer Period shall thereafter form part of the balance of SIS Options available under the Scheme for future Offers.
- 8.3 The Offer shall automatically lapse and be null and void in the event of death of an Eligible Person or in the event an Eligible Person shall cease to be an Eligible Director or an Eligible Employee within the Group for any reason whatsoever, or become a bankrupt prior to the acceptance of the Offer by the Eligible Person in the manner set out in **By-Law 8**.

9. NON-TRANSFERABILITY

- 9.1 An SIS Option is personal to the Grantee and subject to the provisions of **By-Laws 14.1, 14.2 and 14.3**, is exercisable only by the Grantee personally during his lifetime.
- 9.2 An SIS Option shall not be transferred, assigned, disposed of or made subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under **By-Law 14.3**. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the SIS Option.

10. EXERCISE OF OPTIONS

- 10.1 Subject to **By-Laws 14, 16 and 17**, an SIS Option granted to an Eligible Person under the Scheme is exercisable by the Eligible Person in full or in part as the Eligible Person may be entitled under the SIS Option at any time during the SIS Option Period. There will be no restriction to the Eligible Person on the percentage of SIS Options exercisable during the SIS Option Period. Any partial exercise of an SIS Option shall not preclude the Eligible Person from exercising the SIS Option in respect of the balance of the Shares comprised in the SIS Option.

- 10.2 Any SIS Options which remain unexercised at the expiry of the SIS Option Period shall be automatically terminated without any claim against the Company.
- 10.3 A Grantee shall exercise his SIS Options by notice in writing to the Company in the prescribed form stating the number of SIS Options exercised, the number of new Shares relating thereto and the Grantee's individual/nominee CDS Account number ("**Exercise Notice**"). The procedure for the exercise of SIS Options to be complied with by a Grantee shall be determined by the SIS Committee from time to time. The SIS Options shall be exercised in multiples of and not less than one hundred (100) new Shares. The exercise by a Grantee of some but not all of the SIS Options which have been offered to and accepted by him/her shall not preclude the Grantee from subsequently exercising any other SIS Options which have been or will be offered to and accepted by him/her, during the SIS Option Period. In the event that the balance of the SIS Options exercisable by a Grantee in accordance with these By-Laws shall be less than one hundred (100) new Shares, the said balance shall, if exercised, must be exercised in a single tranche.
- 10.4 Every Exercise Notice shall be accompanied by a remittance in Ringgit Malaysia as may be determined by the SIS Committee in the form of a banker's draft or banker's cheque for the full amount of the subscription money in relation to the number of new Shares in respect of which the Exercise Notice is given.
- 10.5 Within eight (8) Market Days of the receipt by the Company of such Exercise Notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Constitution, the Company shall allot the relevant number of new Shares to the Grantee. The said new Shares will be credited directly into the Grantee's individual/nominee CDS Account as stipulated by the Grantee in the Exercise Notice, and a notice of allotment stating the number of new Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made by the Company for the listing of and quotation for such new Shares to Bursa Securities.
- 10.6 The Company, the Board and the SIS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the new Shares or in procuring Bursa Securities to list and quote the new Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Exercise Notice or for any errors in any Offers.
- 10.7 Any failure to comply with the procedures specified by the SIS Committee or to provide information as required by the Company in the Exercise Notice or inaccuracy in the CDS Account number provided shall result in the Exercise Notice being rejected at the discretion of the SIS Committee, and the SIS Committee shall inform the Grantee of the rejection of the Exercise Notice within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed to not have exercised his/her SIS Option.
- 10.8 Every SIS Options shall be subjected to the condition that no new Shares shall be issued pursuant to the SIS Options if such issue would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the duration of the Scheme or such period as may be extended.

10A. DISCIPLINARY PROCEEDING

10A.1 Notwithstanding anything to the contrary contained in these By-Laws, the SIS Committee shall have the discretion by giving notice in writing to any Grantee who is being subjected to any disciplinary proceeding (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service) to suspend his rights to exercise his SIS Option pending the outcome of such disciplinary proceeding. In addition to this rights of suspension, the SIS Committee may impose such terms and conditions as it shall deem appropriate in its discretion, on the rights of exercise of the SIS Option having regard to the nature of the charges made or brought against such Grantee, provided always that:

- (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceeding at the end of its proceedings, the SIS Committee shall reinstate the rights of such Grantee to exercise his SIS Option as if such disciplinary proceeding had not been instituted in the first place;
- (b) in the event the disciplinary proceeding resulted in a recommendation for the dismissal or termination of service of such Grantee, the SIS Option shall be immediately terminated and be null and void and be of no further force and effect upon the Grantee being served the notice of the dismissal or termination of service notwithstanding that such recommendation may be subsequently challenged (successfully or otherwise) by the Grantee in any other forum; and
- (c) in the event such Grantee is found guilty but is not dismissed or terminated, the SIS Committee shall have the rights to determine at its discretion whether or not the Grantee may continue to exercise his SIS Option and if so, to impose such limits, terms and conditions as it deems appropriate, on such exercise rights; and
- (d) in the event that no decision is made and/or the disciplinary proceedings are not concluded prior to the Date of Expiry, the SIS Options of such Grantee shall immediately lapse on the Date of Expiry without notice,

and nothing herein shall impose any obligation on the SIS Committee to enquire into or investigate the substantiveness and/or validity of such disciplinary proceeding(s) and the SIS Committee shall not under any circumstances be held liable for any costs, losses, expenses, damages or liabilities, gains or profits foregone, arising from the SIS Committee's exercise of or failure to exercise any of its rights under this By-Law.

For the purpose of this By-Law, a Grantee shall be deemed to be subject to **"disciplinary proceedings"** if:

- (i) the Grantee is suspended from work pending investigation into his/her conduct;
- (ii) the Grantee is issued with a letter requiring him/her to attend an internal domestic inquiry; or
- (iii) such other instances as the Board may deem as being subject to disciplinary proceedings.

11. EXERCISE PRICE

The Exercise Price of each new Share comprised in any SIS Option shall be determined by the Board upon recommendation of the SIS Committee and fixed based on the five (5)-day weighted average market price of the Shares, at the Date of Offer, with a discount of not more than ten percent (10%), subject to such adjustments as stipulated under **By-Law 15** or as may be amended, varied or supplemented from time to time.

12. RANKING OF THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE OPTIONS

The new Shares to be issued upon the exercise of any SIS Options shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares, save and except that the new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid, for which the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions) is prior to the date of allotment of the new Shares to be issued upon the exercise of any SIS Options.

The new Shares will be subject to all the provisions of the Constitution including those relating to the transfer, transmission and otherwise of the Shares.

13. RETENTION/RESTRICTION OF SHARES

The new Shares to be allotted and issued to a Grantee (save for an Eligible Director who is a non-executive Director) pursuant to the exercise of SIS Options under the Scheme will not be subject to any retention period or restriction on transfer unless stated otherwise in the Offer as may be determined by the SIS Committee from time to time at its discretion. However, the Company encourages the Grantee to hold such Shares for as long as possible although a Grantee may sell such Shares at any time after such Shares have been credited to the Grantee's individual/nominee CDS Account. The Shares allocated under the Scheme are intended for the Grantee to hold as an investment rather than for realisation to yield quick profit.

A Grantee, who is a non-executive Director shall not sell, transfer or assign the new Shares obtained through the exercise of SIS Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer, as per Listing Requirements or such period as may be prescribed by Bursa Securities.

14. TERMINATION OF OPTION

14.1 Any SIS Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:

- (a) cessation of directorship or employment of the Grantee with the Group for any reason whatsoever, in which event the SIS Option shall be automatically terminated on the day which the SIS Committee shall at its absolute discretion determine on a case to case basis; or
- (b) upon the happening of any event which results in the Grantee being deprived of the beneficial ownership of the SIS Option; or
- (c) if the Grantee becomes a bankrupt in which event the SIS Option shall be automatically terminated on the day the Grantee is adjudicated bankrupt; or

- (d) winding up or liquidation of the Company, in which event the SIS Options shall be automatically terminated and/or cease to be valid on the following date:
 - (i) in the case of a voluntary winding up, the date on which a provisional liquidator is appointed by the Company; or
 - (ii) in the case of an involuntary winding up, the date on which a petition for winding up is served on the Company; or
- (e) termination of the Scheme pursuant to By-Law 19.6, in which event the SIS Options shall be automatically terminated and cease or cease to be valid without any claim against the Group on the Termination Date (as defined in By-Law 19.6).

Upon the termination of SIS Options pursuant to **By-Law 14.1** above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his SIS Options or his SIS Options ceasing to be valid on having been terminated.

- 14.2 Notwithstanding **By-Law 14.1** above, the SIS Committee may at its sole and absolute discretion allow an SIS Option to remain exercisable during the SIS Option Period on such terms and conditions as it shall deem fit if the cessation occurs as a result of:
- (a) retirement in accordance with the applicable retirement policy of the Group, as may be amended from time to time, on attaining the Group's then prevailing retirement age;
 - (b) retirement before attaining the Group's then prevailing retirement age with the consent of his/her employer;
 - (c) ill-health, injury, physical or mental disability;
 - (d) redundancy, retrenchment or voluntary separation scheme;
 - (e) secondment or transfer to any company outside the Group at the direction of the Company; or
 - (f) any other circumstances which are acceptable to the SIS Committee in its sole and absolute discretion.
- 14.3 In the event that a Grantee dies before the expiry of the SIS Option Period and, at the date of death, holds any SIS Options which are unexercised, such SIS Options may be exercised by the personal or legal representative of the deceased Grantee within the SIS Option Period or within twelve (12) months after the Grantee's death, whichever expires first, subject to the approval of the SIS Committee and/or terms and conditions as set out by the SIS Committee.
- 14.4 Unless otherwise agreed in writing by the SIS Committee at its sole discretion, upon the resignation of the Grantee from his/her employment or directorship with the Group (as the case may be) or on the Grantees last day of employment, an SIS Option shall lapse forthwith on the date the Grantee tenders his/her resignation. Any SIS Option which lapses upon the resignation of the Grantee from his/her employment or directorship with Group (as the case may be), at the discretion of the SIS Committee, shall be offered to other Eligible Persons.

- 14.5 In the event of the liquidation of the Company, all unexercised or partially exercised SIS Options shall lapse.

15. ALTERATION OF SHARE CAPITAL DURING THE SIS OPTION PERIOD

- 15.1 Subject to **By-Law 15.3**, in the event of any alteration in the capital structure of the Company during the SIS Option Period, whether by way of a rights issue, bonus issue or other manner of capitalisation, consolidation or subdivision of shares or reduction of capital or otherwise howsoever implemented, the Company shall cause such adjustment to be made to:

- (a) the number of SIS Options granted to each Grantee (excluding SIS Options already exercised); and/or
- (b) the Subscription Price,

for purposes of ensuring that the capital outlay to be incurred by the Grantee in subscribing for the same proportion of the total number of issued shares to which he was entitled prior to the event giving rise to such adjustment (i.e. not taking into account any SIS Options already exercised) shall remain unaffected. Notwithstanding the above, the SIS Committee may, at its discretion, determine whether the Subscription Price and/or the number of unexercised SIS Options shall be adjusted, and if so, the manner in which such adjustments should be made. Any such adjustment must be confirmed in writing by the external auditors or the adviser (acting as experts and not as arbitrators) of the Company to be in their opinion, fair and reasonable.

The computation for the adjustment to the number of SIS Options granted to each Grantee and/or the Subscription Price is set out in **Attachment 1** to these By-Laws.

- 15.2 **By-Law 15.1** shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) an issue of new Shares pursuant to the exercise of SIS Options under the Scheme;
- (b) an issue of securities as consideration for an acquisition;
- (c) an issue of securities as a private placement;
- (d) an issue of securities as a special issue approved by the relevant governmental authorities;
- (e) a restricted issue of securities;
- (f) an issue of warrants, convertible loan stocks or other instruments by the Company which give a right of conversion into new Shares arising from the conversion of such securities;
- (g) an issue of new Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants, convertible loan stocks and convertible preference shares;
- (h) an issue of further SIS Options to Eligible Persons under these By-Laws; or
- (i) a purchase by the Company of its own Shares pursuant to Section 127 of the Act. In such event, the following provisions shall apply:

- (i) if the number of Shares in respect of SIS Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is greater than fifteen percent (15%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the SIS Committee shall not make any further Offers; and
 - (ii) if the number of Shares in respect of SIS Options granted by the Company as at the date of designation of the Shares so purchased as treasury shares or cancellation of such purchased Shares is less than fifteen percent (15%) of the prevailing total number of issued shares of the Company after such designation or cancellation, the SIS Committee may make further Offers only until the total number of SIS Options granted by the Company but which remains unexercised is equivalent to fifteen percent (15%) of the prevailing total number of issued shares of the Company after such designation or cancellation.
- 15.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Division 7, Subdivision 2 of the Act, **By-Law 15.1** shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company provided always that **By-Law 15.1** shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which **By-Law 15.2** applies.
- 15.4 Upon any adjustment being made in accordance with **By-Law 15.1**, the SIS Committee shall give notice in writing within a period of thirty (30) days from the date of the adjustment, to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments must be confirmed in writing by the Company's external auditors or an adviser. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.
- 15.5 In the event of a dispute in respect of any adjustment, any Grantee may request the Company to seek the opinion of an approved company auditor or an adviser, acting as an expert and not as an arbitrator, as to its fairness and that this be confirmed in writing. In addition, the Company shall in such situations, at the request of any Grantee, furnish such Grantee with a certificate from an approved company auditor or an adviser stating the opinion of such auditor/adviser, acting as an expert and not as an arbitrator. For the purposes of this By-Law, an approved company auditor shall have the meaning given in Section 263 of the Act and an adviser shall be a person who is permitted to carry on regulated activities of advising corporate finance under the Capital Markets and Services Act, 2007 which includes an adviser under the Guidelines on Submission of Corporate and Capital Market Product Proposals issued by the Securities Commission Malaysia. Nevertheless, for the avoidance of doubt, by virtue of **By-Law 26**, the decision of the Board shall be final and binding in all respects.
- 16. **TAKE-OVERS, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**
 - 16.1 In the event of a take-over offer being made for the Shares under the Malaysian Code on Take-Overs and Mergers, 2016 and such offer being declared unconditional, or such other period as the Board/SIS Committee may determine, the following provisions shall apply:

- (a) a Grantee shall be entitled to exercise all or any of the SIS Options held by him as at the date of such take-over offer being declared unconditional, after such date and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the SIS Options held by him, the unexercised SIS Options shall be automatically terminated on the expiry of the said period of three (3) months; and/or
 - (b) if during the said period of three (3) months, the offeror becomes entitled or bound to exercise any rights of compulsory acquisition in respect of the Shares under the provisions of the Capital Market and Services Act, 2007 or the then prevailing applicable laws, and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the SIS Options held by him at any time prior to the expiry of the said period of three (3) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the SIS Options held by him within this period, the unexercised SIS Options shall be automatically terminated on the expiry of the said period of three (3) months or on the Specified Date, whichever is the earlier.
- 16.2 In the event that the take-over offer is made on the basis that acceptance is unconditional, a Grantee shall within three (3) months of the date the take-over offer is made or before the first (1st) closing date of the take-over offer, whichever is earlier, be entitled to exercise all or any of the SIS Options held by him as at the date of such take-over offer was made, and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee elects not to so exercise some or all of the SIS Options held by him, the unexercised SIS Options shall be automatically terminated on the expiry of the said period of three (3) months or the first (1st) closing date of the take-over offer, whichever is the earlier.
- 16.3 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled at any time upon which compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective to exercise in whole or in part his SIS Options. All unexercised SIS Options held by a Grantee shall be automatically terminated on the date such scheme of compromise or arrangement becomes effective.

17. DIVESTMENT FROM AND TRANSFER TO/FROM THE GROUP

- 17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is holding directorship in or employed by such company shall be entitled to continue to hold and to exercise all the SIS Options held by him on the date of completion of such divestment until the expiry of three (3) months from the date of completion of such divestment subject to such exercise being made within the SIS Option Period and in accordance with the provisions of **By-Law 10.3**. In the event that the Grantee does not so exercise some or all of such SIS Options, the unexercised SIS Options shall be automatically terminated upon the expiry of the said three (3) months period.
- 17.2 For the purposes of **By-Law 17.1**, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 4 of the Act.

17.3 In the event that the Grantee is transferred from the Group to any associated companies of the Group (which definition shall be that which is adopted by the Financial Reporting Standard issued by the Malaysian Accounting Standards Board) or to any related companies (as defined in Section 6 of the Act) of the Company which have an existing employees' share issuance scheme in which the Grantee will be entitled to participate, unless approved by the SIS Committee in writing, the SIS Options unexercised on the date of transfer shall be null and void and be of no effect.

17.4 In the event that:

- (a) an Eligible Person who was employed in a company which is related to the Company pursuant to Section 6 of the Act (that is to say, a company which does not fall within the definition of **"the Group"**) and is subsequently transferred from such company to any company within the Group; or
- (b) an Eligible Person who was in the employment of a company which subsequently becomes a member of the Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the **"Previous Company"**), such Eligible Person of the Previous Company will be eligible to participate in this Scheme for its remaining SIS Option Period, if the affected Eligible Person becomes an **"Eligible Person"** within the meaning under these By-Laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the Group pursuant to part (b) above as a subsidiary as defined in Section 5 of the Act or any other statutory regulation in place thereof during the tenure of the Scheme, the Scheme shall apply to the Eligible Person of such company on the date such company becomes a subsidiary of the Group (provided that such subsidiary is not dormant) falling within the meaning of the expression of **"Eligible Person"** under **By-Law 3** and the provisions of the By-Laws shall apply.

18. WINDING UP

All outstanding SIS Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

19. DURATION, TERMINATION AND EXTENSION OF THE SCHEME

19.1 The effective date for the implementation and launching of the Scheme shall be the date of full compliance with all the relevant requirements of the Listing Requirements including the following:

- (a) the submission of the final copy of the By-Laws to Bursa Securities pursuant to the Listing Requirements;
- (b) the receipt of approval-in-principle from Bursa Securities for the listing of and quotation for the new Shares to be issued from the exercise of the SIS Options under the Scheme;
- (c) the approval of the Company's shareholders in a general meeting for the Scheme;
- (d) the approval(s) of any other relevant authorities, if any; and
- (e) the fulfilment of all conditions attaching to the aforesaid approvals, if any.

19.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance pursuant to the Listing Requirements stating the Effective Date of the Scheme together with a certified true copy of the relevant resolution passed by the shareholders of the Company in a general meeting. The confirmation letter must be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.

19.3 The Scheme shall be in force for a period of five (5) years from the Effective Date, provided always that on or before the expiry thereof, the Board shall have the absolute discretion, without the approval of the Company's shareholders in a general meeting, to extend the duration of the Scheme (as the Board may deem fit) for up to a further five (5) years provided that the Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to Bursa Securities (if required). Any extended Scheme under this provision shall be implemented in accordance with the terms of the By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations then in force.

For avoidance of doubt, the duration of the Scheme shall not in aggregate exceed ten (10) years from the Effective Date.

19.4 Offers can only be made during the existence of the Scheme and before the Date of Expiry.

19.5 Notwithstanding anything to the contrary, all unexercised SIS Options shall lapse on the Date of Expiry.

19.6 Notwithstanding the provisions of **By-Law 19.3**, and subject always to compliance with Bursa Securities and any other regulatory authorities' requirements, guidelines or directives, the Scheme may be terminated at any time during the duration of the Scheme by the SIS Committee upon approval of the Board without obtaining the consents from the Grantees or approvals from the shareholders of the Company provided that the Company makes an announcement which shall include the effective date of termination ("**Termination Date**"), number of SIS Options exercised or Shares vested and reasons for termination immediately to Bursa Securities pursuant to the Listing Requirements.

19.7 Upon termination of the Scheme, the following shall apply:

- (a) the SIS Committee shall make no further Offers;
- (b) all Offers which have yet to be accepted by the Eligible Persons shall automatically lapse on the Termination Date;
- (c) all Offers which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and
- (d) all outstanding SIS Options which have yet to be exercised by the Grantees and/or vested (if applicable) shall be automatically terminated and be null and void on the Termination Date.

For the avoidance of doubt, SIS Options which have been exercised but where the new Shares have yet to be issued or registered in the name of the Eligible Person or his estate as at the date of the resolution to terminate the Scheme shall remain effective and the Company shall issue and register the new Shares accordingly.

20. SUBSEQUENT EMPLOYEE SHARES ISSUANCE SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employees share issuance scheme after the Date of Expiry or after the termination of the Scheme pursuant to **By-Law 19.6**, provided that the aggregate number of shares available under all the Schemes does not breach the maximum limit prescribed in the prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

21. ADMINISTRATION

- 21.1 The Scheme shall be administered by the SIS Committee. The SIS Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.
- 21.2 Without limiting the generality of **By-Law 21.1**, the SIS Committee may, for the purpose of administering the Scheme, do all acts and things and enter into any transaction, agreement, deed, documents or arrangement, and make rules, regulations or impose terms and conditions, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the SIS Committee as it shall deem fit.

22. MODIFICATION, VARIATION AND/OR AMENDMENT TO THE BY-LAWS

- 22.1 Subject to **By-Law 22.2**, the SIS Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to the Company submitting a confirmation letter to Bursa Securities for the amendment made, that the said amendment is in compliance with the provisions of the Listing Requirements pertaining to employees share issuance scheme and Rules of the Depository (as defined under the Listing Requirements) pursuant to the Listing Requirements.
- 22.2 The approval of the shareholders of the Company in general meeting shall not be required for any amendments to the By-Laws PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:
- (a) prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee;
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by **By-Law 6.1**; or
 - (c) alter to the advantage to the Eligible Person and/or Grantee any provisions of the Scheme without the prior approval of the Company's shareholders in a general meeting.
- 22.3 For the purpose of complying with the provisions of Appendix 6E of the Listing Requirements, the provisions of **By-Laws 4, 5, 6, 8, 10, 11, 12, 13, 15, 18, 19, 22 and Attachment 1** shall not be amended or altered in any whatsoever to the advantage of Eligible Persons or Grantees without the prior approval of the Company's shareholders in a general meeting.

23. RIGHTS OF GRANTEE

- 23.1 The SIS Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, distributions, rights or other entitlement on his unexercised SIS Options.
- 23.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the usual business hours on any working day at the Registered Office of the Company.

24. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any employee of the Company.

25. NO COMPENSATION FOR TERMINATION

No Eligible Persons shall be entitled to any compensation for damages arising from the termination of any SIS Options or this Scheme pursuant to the provisions of these By-Laws. Notwithstanding any provisions of these By-Laws:

- (a) this Scheme shall not form part of any contract of employment between the Company or any company within the Group and any Eligible Person. The rights of any Eligible Person under the terms of his/her employment with any company in the Group shall not be affected by his/her employment participation in the Scheme nor shall such participation or the SIS Options afford such Eligible Person any additional rights to compensation or damages due to the termination of such employment for any reason whatsoever;
- (b) this Scheme shall not confer on any legal or equitable right or other rights under any other laws (other than those constituting the SIS Options) against the Company or any company(ies) in the Group, or give rise to any course of legal action or in equity or under any other laws against the Company or company(ies) in the Group;
- (c) no Grantee or his/her personal or legal representative or any third party shall bring any claim action or proceeding against the Company, company in the Group, the SIS Committee or the Board for any compensation, loss or damage whatsoever arising from the termination, suspension or cancellation of his/her rights to exercise of his/her SIS Options or his/her SIS Options ceasing to be valid pursuant to the provision of these By-Laws; and
- (d) the Company, the Board or the SIS Committee or the company in the Group shall not in any event be liable to the Grantee and/or his/her personal or legal representative or any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage/loss arising from the termination, breach or non-performance of these By-Laws or any loss suffered by reason of any change/adjustment in the price of the Share any other cause or reason whatsoever.

26. DISPUTES

Any disputes arising hereunder shall be referred for decision by the Board, whose decision shall be final and binding in all respects, provided that any Directors of such Board meeting convened to determine the dispute who are also in the SIS Committee shall abstain from deliberations and voting, and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

27. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of SIS Options, shall be borne by the Company.

28. TAXES

Any income tax arising from the exercise of any SIS Option under the Scheme shall be borne by the Grantee.

29. CONSTITUTION

In the event of a conflict between any of the provisions of these By-Laws and the Constitution, the Constitution shall prevail.

30. SEVERABILITY

Any term, condition, stipulation, provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remainder thereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation, provision herein contained.

31. DISCLOSURES IN ANNUAL REPORT

The Company will make such disclosures in its annual report for as long as the Scheme continues in operation as from time to time required by the Listing Requirements including (where applicable) a statement by the audit committee verifying that the allocation of SIS Options pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Persons.

32. GOVERNING LAW

The Scheme and these By-Laws and all SIS Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

33. NOTICE

33.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the Scheme shall be in writing and shall be deemed to be sufficiently given:-

- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice shall be deemed to have been received three (3) Market Days after posting;
- (b) if it is given by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; or
- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon the date of delivery in the timestamp in such electronic media.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company and the SIS Option Committee.

- 33.2 Any certificate, notification or other notice required to be given to the Company or the SIS Committee shall be properly given if sent by registered post or delivered by hand to the Company at its registered address or any other business address which may be notified in writing by the SIS Committee from time to time.

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Attachment 1

The Subscription Price and/or the number of Shares to be comprised in the SIS Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the SIS Committee and certified by the external auditors or an adviser (acting as experts and not as arbitrators) in accordance with the following relevant provisions:

- (a) If and whenever a consolidation or subdivision or conversion of the Shares occurs, the Subscription Price and the Shares comprised in the SIS Options so far as unexercised (**“Revised Number of Shares Under SIS Option”**) shall be adjusted, calculated or determined in the following manner:

$$\text{New Subscription Price} = \frac{S \times U}{V}$$

$$\text{Revised Number of Shares Under SIS Option} = \frac{T \times V}{U}$$

Where:-

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised

U = Aggregate number of Shares (excluding Shares held as treasury shares, if any) in the share capital of the Company immediately preceding such consolidation, subdivision or conversion; and

V = Aggregate number of Shares in the share capital of the Company after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities after such consolidation or subdivision or conversion) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Subscription Price} = \frac{S \times A}{A + B}$$

Whilst the additional Shares comprised in the SIS Options so far as unexercised (**“Additional Shares Under SIS Option”**) shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times (A + B)}{A} - T$$

Where:-

A = The aggregate number of issued Shares immediately before such capitalisation issue;

- B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature);
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

- (c) If and whenever the Company shall make:
- (i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) Any offer or invitation to ordinary shareholders where under they may acquire or subscribe for new Shares by way of rights; or
 - (iii) Any offer or invitation to ordinary shareholders by way of rights where under they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares;

then and in any such case, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (C - D)}{C}$$

Where:-

- S = Existing Subscription Price
- C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (A) In the case of an offer or invitation to acquire or subscribe for new Shares under paragraph (c)(ii) above or for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditors of the Company) by an adviser, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (A) of “D” above, the “value of rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:-

- C = C in this paragraph (c);
- E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into new Shares or one (1) additional security with rights to acquire or subscribe for new Shares;
- F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share or security convertible into new Shares or right to acquire or subscribe for new Shares; and
- 1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under SIS Option shall be calculated as follows:

$$\text{Additional Shares Under SIS Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:-

- T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised;
- C = C in this paragraph (c); and
- D* = The “value of the rights attributable to one (1) Share” (as defined below)

For the purpose of D* above, the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:-

- C = C in this paragraph (c);
- E* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) new Share;
- F* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) new Share; and
- 1 = One (1).

For the purpose of this paragraph (c), “**Capital Distribution**” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated income statement of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under SIS Option shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

- G = The aggregate number of issued Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into new Shares or with rights to acquire or subscribe for new Shares as the case may be;
- H* = The aggregate number of Shares under an offer or invitation to acquire or subscribe for new Shares by way of rights;
- I = The subscription price of one (1) new Share under an offer or invitation to acquire or subscribe for new Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) new Share as the case may be;
- I* = The subscription price of one (1) new Share under the offer or invitation to acquire or subscribe for new Shares;
- B = B in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for new Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares as provided in paragraph (c)(iii) above, the Subscription Price shall be adjusted in the following manner:-

$$\text{New Subscription Price} = \frac{S \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the Additional Shares Under SIS Option shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	The aggregate number of new Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for new Shares by the ordinary shareholders;
K	=	The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) new Share;
S	=	Existing Subscription Price; and
T	=	Existing number of Shares comprised in the SIS Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for new Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for new Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

and the Additional Shares Under SIS Option shall be calculated in the following manner:-

$$\text{Additional Shares Under SIS Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:-

G	=	G as in paragraph (d) above;
C	=	C as in paragraph (c) above;
H	=	H as in paragraph (d) above;
H*	=	H* as in paragraph (d) above;
I	=	I as in paragraph (d) above;
I*	=	I* as in paragraph (d) above;
J	=	J as in paragraph (e) above;
K	=	K as in paragraph (e) above;
B	=	B as in paragraph (b) above;
S	=	Existing Subscription Price; and
T	=	Existing number of Shares comprised in the SIS Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into new Shares or with rights to acquire or subscribe for new Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (L + M)}{L + N}$$

Where:-

L	=	The number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
M	=	The number of new Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses);
N	=	The aggregate number of new Shares which so issued or in the case of securities convertible into new Shares or with rights to acquire or subscribe for new Shares, the maximum number assuming no adjustment of such rights) of new Shares issuable upon full conversion of such securities or the exercise in full of such rights; and
S	=	Existing Subscription Price

For the purposes of this paragraph (g) the “Total Effective Consideration” shall be determined by the Directors of the Company with the concurrence of the Company’s external auditors or an adviser and shall be:

- (i) In the case of the issue of new Shares, the aggregate consideration receivable by the Company on payment in full for such new Shares; or
- (ii) In the case of the issue by the Company of securities wholly or partly convertible into new Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) In the case of the issue by the Company of securities with rights to acquire or subscription for new Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “Total Effective Consideration per Share” shall be the Total Effective Consideration divided by the number of new Shares issued as aforesaid or, in the case of securities convertible into new Shares by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this paragraph (g), the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of the Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on the Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determined the offering/issue price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the “Current Market Price” in relation to one (1) Share for any relevant day shall be the average of the last dealt price for the five (5) consecutive Market Days before such date or other period as many be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

The foregoing provisions on adjustment of the Subscription Price shall be subject to the following:

- (a) On any such adjustment the resultant Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares) involve an increase in the Subscription Price or reduce the number of Shares comprised in the SIS Option so far as unexercised to which the Grantee is already entitled to;
- (b) No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of “would be less than one (1) sen” or the number of Shares comprised in the SIS Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;

- (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (a) to (g) of **By-Law 15.1** (both inclusive) or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditors or an adviser may agree;
- (d) If for any reason an event giving rise to an adjustment to the Subscription Price and/or the number of Shares comprised in the SIS Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditors or an adviser may agree; and
- (e) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

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CN ASIA CORPORATION BHD
(Registration No. 199601027090 (399442-A))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of CN Asia Corporation Bhd (“**CN Asia**” or the “**Company**”) will be held at Ground Floor Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia on Tuesday, 11 May 2021 at 11.00 a.m. or immediately after the 25th Annual General Meeting of the Company which will be held at the same venue and on the same day at 10.00 a.m., whichever is earlier or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:-

ORDINARY RESOLUTION 1

PROPOSED BONUS ISSUE OF UP TO 30,201,985 NEW WARRANTS IN CN ASIA (“WARRANTS”) ON THE BASIS OF 1 WARRANT FOR EVERY 2 EXISTING ORDINARY SHARES IN CN ASIA (“CN ASIA SHARES” OR “SHARES”) HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED BONUS ISSUE OF WARRANTS”)

“**THAT** subject to the approvals of all relevant regulatory authorities or parties having been obtained, where required, the Board of Directors of the Company (“**Board**”) be and is hereby authorised to issue and allot up to 30,201,985 new Warrants in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants (“**Deed Poll**”), by way of bonus to the shareholders of the Company whose names appear on the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the entitlement date to be determined and announced later by the Board (“**Entitlement Date**”), on the basis of 1 new Warrant for every 2 existing Shares held in the share capital of the Company on the Entitlement Date;

THAT the Board be and is hereby authorised to fix the exercise price of the Warrants at a later date and that the Board be and is hereby authorised to allot and issue the new CN Asia Shares arising from the exercise of the Warrants by the holders of the Warrants in accordance with the Deed Poll and such new CN Asia Shares shall, upon allotment and issuance, rank pari passu in all aspects with the existing Shares, save and except that the new CN Asia Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution where the entitlement date precedes the relevant date of allotment and issuance of the new CN Asia Shares;

THAT all fractional entitlements, if any, to the Warrants shall be disregarded and the Board be and is hereby authorised to deal with any fractional entitlements of the Warrants that may arise from the Proposed Bonus Issue of Warrants, if any, in such manner as the Board shall in its absolute discretion deem fit and expedient and in the best interests of the Company;

THAT the proceeds arising from the exercise of the Warrants, if any, be utilised for the purposes set out in the circular to the shareholders of the Company dated 12 April 2021 in relation to the Proposed Bonus Issue of Warrants, and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

THAT approval be and is hereby given to the Board to issue and allot such appropriate number of Warrants in accordance with the provisions of the Deed Poll, including any additional Warrants as may be required or permitted to be issued as a consequence of any adjustments in accordance with the terms and conditions of the Deed Poll and to adjust from time to time the exercise price and/or number of the Warrants to which the holder(s) of the Warrants are entitled to be issued as a consequence of the adjustments under the provisions of the Deed Poll and to issue and allot further new Shares as may be required or permitted to be issued pursuant to such adjustments and upon any exercise by the holders of such additional Warrants;

THAT the Board be and is hereby authorised to finalise, enter into, execute and deliver for and on behalf of the Company the Deed Poll with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be imposed, required or permitted by the relevant authorities or as may be deemed necessary by the Board, and to take all steps as the Board may deem fit or expedient in order to implement, finalise and give full effect to the Deed Poll (including, without limitation, the affixing of the Company's common seal, where necessary);

THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Bonus Issue of Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and to do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants;

AND THAT this Ordinary Resolution constitutes a specific approval for the issuance of securities of the Company as contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Warrants, additional Warrants (if any) and new Shares to be issued pursuant to or in connection with the Proposed Bonus Issue of Warrants have been duly allotted and issued in accordance with the terms of the Proposed Bonus Issue of Warrants."

ORDINARY RESOLUTION 2

PROPOSED ESTABLISHMENT OF SHARE ISSUANCE SCHEME ("SIS") INVOLVING UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF CN ASIA (EXCLUDING TREASURY SHARES, IF ANY) FOR ELIGIBLE DIRECTORS AND EMPLOYEES OF CN ASIA AND ITS SUBSIDIARIES ("GROUP") ("PROPOSED SIS")

"THAT subject to the approvals of all relevant regulatory authorities and parties being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing and quotation of the new ordinary shares in CN Asia Shares to be issued pursuant to the exercise of the SIS options granted under the SIS having been obtained, approval be and is hereby given for the Company to establish the SIS involving up to 15% of the total number of issued shares of the Company from time to time (excluding treasury shares, if any) for the benefit of eligible directors and eligible employees of the Group, excluding the subsidiaries which are dormant, and the Board be and is hereby authorised to:-

- (i) establish, implement and administer the SIS in accordance with the by-laws governing the SIS ("**By-laws**"), a draft of which is set out in Appendix II of the Circular to Shareholders dated 12 April 2021 ("**Circular**"), and to give full effect to the SIS with full powers to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient and/or imposed or required by the relevant regulatory authorities or as may be deemed fit or necessary by the Board at its discretion;
- (ii) make the necessary applications to Bursa Securities and do all the things necessary at the appropriate time or times for the listing and quotation of the new Shares which may from time to time be allotted and issued pursuant to the exercise of the SIS options granted under the SIS;

- (iii) allot and issue and/or procure from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the SIS options granted under the SIS provided that the aggregate number of new Shares to be offered under the SIS shall not exceed in aggregate of 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any time during the existence of the SIS. The new Shares issued pursuant to the exercise of the SIS options granted under the SIS shall, upon allotment, issuance and full payment of the exercise price of the SIS options, rank pari passu in all respects with the existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares and will be subject to all the provisions of the Constitution of the Company relating to the transfer, transmission and otherwise of the Shares;
- (iv) add, delete, modify and/or amend all or any part of the terms and conditions as set out in the By-laws governing the Proposed SIS from time to time as may be required or permitted by the authorities or deemed necessary by the authorities or the Board or any committee of the Proposed SIS established or appointed by it provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the By-laws relating to modifications and/or amendments and to do all such acts, deeds and things and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to such modifications and/or amendments of the SIS;
- (v) extend the duration of the SIS, provided always that such extension of the SIS made pursuant to the By-laws shall not in aggregate exceed a duration of 10 years from the date on which the SIS shall take effect following full compliance of all relevant requirements or such longer period as may be permitted by Bursa Securities or any other relevant regulatory authorities from time to time without having to obtain any further sanction, approval, consent or authorisation of the shareholders of the Company in a general meeting; and
- (vi) do all such acts and things, to execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate its power as may be necessary or expedient in order to give full effect to the Proposed SIS and terms of the By-laws;

THAT the By-laws of the SIS, a draft of which is set out in Appendix II of the Circular, be and is hereby approved and adopted;

AND THAT the Board be and is hereby authorised to give effect to the SIS with full powers to consent to and to adopt and implement such conditions, modifications, variations and/or amendments as may be required or imposed by the relevant regulatory authorities or as the Board may deem fit or necessary at its absolute discretion.”

ORDINARY RESOLUTION 3 - 9

PROPOSED ALLOCATION OF SIS OPTIONS TO DIRECTORS

"THAT, subject to the passing of Ordinary Resolution 2 and the approvals of all relevant regulatory authorities (where required) having been obtained, approval be and is hereby given to the Board to authorise the SIS Committee to offer and grant, from time to time throughout the duration of the SIS, such number of SIS options to subscribe for new Shares under the SIS to the Directors as below, provided always that not more than 10% of the total CN Asia Shares available under the SIS and any other subsisting employee share scheme(s), individually and collectively, shall be allocated to each of the Directors if they, either singly or collectively through persons connected with them, hold 20% or more of the issued share capital of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-laws and the Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time. They must not participate in the deliberation or discussion of their own allocation, as well as that of the persons connected with them, if any, under the Proposed SIS:

ORDINARY RESOLUTION 3

Dato' Sri Zulkifli Bin Abdullah, the Independent Non-Executive Director, Chairman

ORDINARY RESOLUTION 4

Datuk Seri Tan Choon Hwa, the Non-Independent Non-Executive Director, Deputy Chairman

ORDINARY RESOLUTION 5

YM Tengku Shamsulbhari Bin Tengku Azman Shah, the Executive Director

ORDINARY RESOLUTION 6

Chang Chee Ching, the Executive Director

ORDINARY RESOLUTION 7

Tania Scivetti, the Independent Non-Executive Director

ORDINARY RESOLUTION 8

Nadanarajah A/L Ramalingam, the Independent Non-Executive Director

ORDINARY RESOLUTION 9

Low Yong Heng, the Independent Non-Executive Director

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-laws, the Board be and is hereby authorised to take such steps as necessary or expedient to implement, finalise or to give full effect to the Proposed Allocation above with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocation as above as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

By Order of the Board

LIM PAIK GOOT (SSM PC No. 202008001525) (MIA 13304)

WONG CHOOI FUN (SSM PC No. 201908002976) (MAICSA 7027549)

GOH CHOOI WOAN (SSM PC No. 201908000145) (MAICSA 7056110)

Company Secretaries

Selangor

12 April 2021

Notes:

Members entitled to attend

1. Only depositors whose names appear in the record of depositors as at 28 April 2021 shall be regarded as members and entitled to attend, speak and vote at the meeting or appoint a proxy or proxies to attend and/or vote in his stead.

Appointment of Proxy

2. A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, participate, speak and vote at the same meeting instead of him and that a proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
3. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.
4. A Member who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. An Exempt Authorised Nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. Any alteration to the proxy form must be initialled.
6. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Registration No. 197101000970 (11324-H)), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, alternatively online via Share Registrars' website, TIIH Online at <https://tiih.online>. Please refer to the Administrative Notes for further information on submission via TIIH Online. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote or, in the case of a poll, not less than twenty-four (24) hours before the time for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
7. By submitting the duly executed proxy form, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein under the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

Voting by Poll

8. The resolution as set out in this notice of the general meeting are to be voted by-poll.

Registration of Members/Proxies.

9. Registration of members/proxies attending the meeting will commence thirty (30) minutes before meeting time. Members/proxies are required to produce identification documents for registration.



CN ASIA CORPORATION BHD
((Registration No.: 199601027090 (399442-A))
(Incorporated In Malaysia)

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 *THE CHAIRMAN OF THE MEETING or:

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		

as *my/our proxy/proxies to attend and vote for *me / us and on *my / our behalf, at the Extraordinary General Meeting of the Company, to be held at **Ground Floor Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia** on **Tuesday, 11 May 2021 at 11.00 a.m.** or immediately after the 25th Annual General Meeting of the Company which will be held at the same venue and on the same day at 10.00 a.m., whichever is earlier or at any adjournment thereof, in respect of *my/our shareholding in the manner indicated above:

ORDINARY RESOLUTION		For	Against	Abstain
1.	Proposed Bonus Issue of Warrants			
2.	Proposed SIS			
3.	Proposed Allocation of SIS Options to Dato' Sri Zulkifli Bin Abdullah			
4.	Proposed Allocation of SIS Options to Datuk Seri Tan Choon Hwa			
5.	Proposed Allocation of SIS Options to Y.M. Tengku Shamsulbhari Bin Tengku Azman Shah			
6.	Proposed Allocation of SIS Options to Chang Chee Ching			
7.	Proposed Allocation of SIS Options to Tania Scivetti			
8.	Proposed Allocation of SIS Options to Nadanarajah A/L Ramalingam			
9.	Proposed Allocation of SIS Options to Low Yong Heng			

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

Dated this day of 2021

Tel No. (during office hours)	
Email address	

*Signature of Member(s) / Common Seal of
Corporate Shareholder
* Delete if not applicable

Note:

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Fold this flap for sealing

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AFFIX
STAMP

The Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.

(Registration No. 197101000970 (11324-H))

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South

No.8, Jalan Kerinchi

59200 Kuala Lumpur, Malaysia

Tel: 03 – 2783 9299 / Fax: 03 – 2783 9222

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