

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.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has only conducted limited review on this Circular pursuant to the Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED BONUS ISSUE OF UP TO 90,605,955 NEW ORDINARY SHARES IN CN ASIA CORPORATION BHD ("CN ASIA SHARES") ("BONUS SHARES") ON THE BASIS OF 3 BONUS SHARES FOR EVERY 2 EXISTING CN ASIA SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE OF SHARES")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING NO. 2

Principal Adviser



AN UNWAVERING COMMITMENT

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

The Extraordinary General Meeting No. 2 ("**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 11.30 a.m.
- Date and time of the EGM : Tuesday, 11 May 2021 at 11.30 a.m. or immediately after the 25th Annual General Meeting and Extraordinary General Meeting No. 1 of the Company (which will be held at the same venue and on the same day at 10.00 a.m. and 11.00 a.m. respectively), 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, TIIH 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 26 April 2021

DEFINITIONS

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

Board	: Board of Directors of CN Asia
Bonus Shares	: Up to 90,605,955 new CN Asia Shares to be issued pursuant to the Proposed Bonus Issue of Shares
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CN Asia Group or the Group	: Collectively, CN Asia and its subsidiaries
CN Asia or the Company	: CN Asia Corporation Bhd (199601027090 (399442-A))
CN Asia Shares or the Shares	: Ordinary shares in CN Asia
Circular	: This circular to Shareholders in relation to the Proposed Bonus Issue of Shares
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
EGM	: Extraordinary general meeting of the Company
Entitled Shareholders	: Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
Entitlement Date	: 5.00 p.m. on a date to be determined and announced later by the Board on which the names of Shareholders must appear in the Record of Depositors of the Company in order to be entitled to participate in the Proposed Bonus Issue of Shares
EPS	: Earnings per Share
FYE	: Financial year ended / ending, as the case may be
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 31 March 2021, being the latest practicable date prior to the printing of this Circular
Market Day	: Any day on which Bursa Securities is open for the trading of securities
TA Securities or the Principal Adviser	: TA Securities Holdings Berhad (197301001467 (14948-M))
NA	: Net assets
Private Placement	: Private placement of up to 10% of the total number of issued CN Asia Shares to third party investor(s) to be identified later and at an issue price to be determined later, further details of which are set out in the announcement dated 23 February 2021

DEFINITIONS (CONT'D)

Proposals	: Collectively, the Private Placement, Proposed Bonus Issue of Warrants and Proposed SIS
Proposed Acquisition	: Proposed acquisition of a parcel of vacant land in the District of Kuala Langat, Selangor, further details of which are set out in the circular to Shareholders dated 23 April 2020
Proposed Bonus Issue of Shares	: Proposed bonus issue of up to 90,605,955 Bonus Shares on the basis of 3 Bonus Shares for every 2 existing CN Asia Shares held on the Entitlement Date
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 CN Asia Shares, further details of which are set out in the circular to Shareholders dated 12 April 2021
Proposed SIS	: Proposed establishment of a share issuance scheme of up to 15% of the total number of issued Shares (excluding treasury shares, if any), further details of which are set out in the circular to Shareholders dated 12 April 2021
Record of Depositors	: A record of securities holders established by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998
RM and sen	: Ringgit Malaysia and sen respectively
Shareholders	: Registered holders of CN Asia Shares
VWAP	: Volume weighted average 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 time and date in this Circular shall be a reference to Malaysian time and date, unless otherwise stated. Any discrepancies in the tables between the actual figures, amounts stated and the totals in this Circular are, unless otherwise explained, 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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

	PAGE
LETTER TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED BONUS ISSUE OF SHARES:-	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED BONUS ISSUE OF SHARES	2
3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE OF SHARES	3
4. EFFECTS OF THE PROPOSED BONUS ISSUE OF SHARES	4
5. APPROVALS REQUIRED AND CONDITIONALITY	5
6. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	5
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM	6
8. DIRECTORS' STATEMENT AND RECOMMENDATION	6
9. ESTIMATED TIMEFRAME FOR COMPLETION	6
10. EGM	6
11. FURTHER INFORMATION	7
APPENDIX I FURTHER INFORMATION	8
NOTICE OF EGM	ENCLOSED
FORM OF PROXY	ENCLOSED

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



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

26 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)

To: The Shareholders

Dear Sir / Madam,

PROPOSED BONUS ISSUE OF SHARES

1. INTRODUCTION

On 14 April 2021, TA Securities had, on behalf of the Board, announced that the Company proposes to undertake the Proposed Bonus Issue of Shares. An amended announcement was subsequently made on 19 April 2021 for the Proposed Bonus Issue of Shares.

On 22 April 2021, TA Securities had, on behalf of the Board, announced that Bursa Securities has, vide its letter dated 22 April 2021, approved the listing and quotation of up to 90,605,955 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares on the Main Market of Bursa Securities.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH RELEVANT INFORMATION ON THE PROPOSED BONUS ISSUE OF SHARES AND TO SET OUT THE VIEWS AND RECOMMENDATION OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF SHARES WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE 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 APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED BONUS ISSUE OF SHARES AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE OF SHARES

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue of Shares entails the issuance of up to 90,605,955 Bonus Shares on the basis of 3 Bonus Shares for every 2 existing CN Asia Shares held by the Entitled Shareholders on the Entitlement Date which will be determined and announced at a later date after the receipt of all relevant approvals for the Proposed Bonus Issue of Shares.

The actual number of CN Asia Shares to be issued pursuant to the Proposed Bonus Issue of Shares will depend on the total number of issued Shares as at the Entitlement Date. Based on the Company's enlarged total number of issued Shares of 60,403,970 Shares after the completion of the Private Placement (as illustrated in Section 4 of this Circular), the Proposed Bonus Issue of Shares would entail the issuance of up to 90,605,955 Bonus Shares. As at the LPD, the issued share capital of the Company is RM42,097,821 comprising 54,912,770 CN Asia Shares and CN Asia does not have any treasury shares.

The Proposed Bonus Issue of Shares and the Proposed Bonus Issue of Warrants as well as Proposed SIS (announced on 23 February 2021 and will be subject to Shareholders' approval at an EGM to be convened on 11 May 2021) are expected to be implemented in the following sequence:-

- (i) Private Placement;
- (ii) Proposed Bonus Issue of Warrants;
- (iii) Proposed Bonus Issue of Shares; and
- (iv) Proposed SIS.

The basis of 3 Bonus Shares for every 2 existing CN Asia Shares was determined after taking into consideration, amongst others, the following:-

- (i) the potential adjustments to the share price of CN Asia Shares arising from the Proposed Bonus Issue of Shares; and
- (ii) the enlarged total number of CN Asia Shares after the Proposed Bonus Issue of Shares.

Fractional entitlements arising from the Proposed Bonus Issue of Shares in respect of the Bonus Shares, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit or expedient, and in the best interests of the Company.

The reference price of CN Asia Shares will be adjusted for the Proposed Bonus Issue of Shares. For illustrative purposes, based on the lowest daily VWAP of CN Asia Shares during the past 3-month period up to and including 16 April 2021 (being the market day immediately before the submission of the application to Bursa Securities on 19 April 2021), the theoretical ex-bonus share price of CN Asia Shares is as follows:-

	Before the Proposed Bonus Issue of Shares	After the Proposed Bonus Issue of Shares
	Market price	Illustrative theoretical ex-bonus share price
Lowest daily VWAP during the past 3-month period up to 16 April 2021 (RM)	1.2769	0.5108
No. of Shares	54,912,770	up to 151,009,925

The Board confirms that the share price adjusted for the Proposed Bonus Issue of Shares is not less than RM0.50 based on the daily VWAP during the past 3-month period up to 16 April 2021 (being the market day immediately before the submission of the application to Bursa Securities on 19 April 2021) in accordance with Paragraph 6.30(1A) of the Listing Requirements.

The Proposed Bonus Issue of Shares is not intended to be implemented in stages over a period of time.

2.2 No capitalisation of reserves

The Bonus Shares in respect of the Proposed Bonus Issue of Shares shall be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

The Proposed Bonus Issue of Shares will increase the number of CN Asia Shares but will not increase the value of the issued share capital of CN Asia.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing CN Asia 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 Entitlement Date.

2.4 Listing and quotation of the Bonus Shares

Bursa Securities has, vide its letter dated 22 April 2021, approved the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities.

The Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next Market Day following the Entitlement Date. The notice of allotment of the Bonus Shares will be issued and despatched to the Entitled Shareholders within 4 Market Days after the date of listing and quotation of the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE OF SHARES

The Proposed Bonus Issue of Warrants was undertaken to primarily reward Shareholders by enabling them to participate in convertible securities of the Company, which are tradeable on Bursa Securities. Upon further contemplation, the Company has decided to also undertake the Proposed Bonus Issue of Shares, premised on the following:-

- (i) to provide Shareholders with greater participation in the equity of the Company in terms of number of CN Asia Shares held and maintaining their percentage of equity interest in the Company;
- (ii) to improve the trading liquidity and marketability of the CN Asia Shares on Bursa Securities in view of the increase in the number of CN Asia Shares in circulation in the open market; and
- (iii) to attract greater participation from a broader range of investors, with the improved trading liquidity and marketability of the Shares.

As the Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants serve the common intention of rewarding Shareholders, the Board is of the view that it is appropriate for the Company to undertake the Proposed Bonus Issue of Shares shortly after the Proposed Bonus Issue of Warrants.

The Board is cognisant of the odd lots that may arise from the Proposed Bonus Issue of Shares in conjunction with the Proposed Bonus Issue of Warrants. Nonetheless, both the Proposed Bonus Issue of Shares and Proposed Bonus Issue of Warrants are expected to benefit Shareholders (as stated above for the Proposed Bonus Issue of Shares and in Section 4.1 in the Circular to Shareholders for the Proposed Bonus Issue of Warrants dated 12 April 2021). As such, the Board is of the view that the aforementioned proposals are in the best interest of the Company and Shareholders.

4. EFFECTS OF THE PROPOSED BONUS ISSUE OF SHARES

4.1 Issued share capital

The pro forma effect of the Proposed Bonus Issue of Shares on the issued share capital of the Company 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 Private Placement ⁽¹⁾	5,491,200	7,536,672
Enlarged issued share capital after the Private Placement	60,403,970	49,634,493
To be issued pursuant to the Proposed Bonus Issue of Shares	90,605,955	-
Enlarged issued share capital after the Proposed Bonus Issue of Shares	151,009,925	49,634,493

Note:-

(1) Based on the illustrative issue price of RM1.3725 per Share to be issued pursuant to the Private Placement, which represents a discount of 10.00% to the 5-day VWAP of CN Asia Shares up to and including 14 April 2021 of RM1.5250.

4.2 NA and gearing

The pro forma effects of the Proposed Bonus Issue of Shares on the audited NA and gearing of CN Asia Group as at 31 December 2020 is as follows:-

	Audited as at 31 December 2020 (RM'000)	(I) After the Private Placement ⁽¹⁾ (RM'000)	(II) After (I) and the Proposed Bonus Issue of Shares ⁽²⁾ (RM'000)
Share capital	42,098	49,634	49,634
Retained earnings	(2,352)	(2,852)	(2,982)
Shareholders' equity / NA / Total equity	39,746	46,782	46,652
No. of CN Asia Shares in issue ('000)	54,913	60,404	151,010
NA per CN Asia Share (RM)	0.72	0.77	0.31
Total borrowings (RM'000)	3,625	3,625	3,625
Gearing (times)	0.09	0.08	0.08

Notes:-

- (1) Based on the illustrative issue price of RM1.3725 per Share to be issued pursuant to the Private Placement, which represents a discount of 10.00% to the 5-day VWAP of CN Asia Shares up to and including 14 April 2021 of RM1.5250 and after deducting estimated expenses of RM0.50 million.
- (2) After deducting estimated expenses to be incurred in relation to the Proposed Bonus Issue of Shares of approximately RM0.13 million.

4.3 Earnings and EPS

The Proposed Bonus Issue of Shares is not expected to have any material effect on the earnings of the Group for the FYE 31 December 2020. However, the EPS of CN Asia will be proportionately diluted as a result of the increase in the number of CN Asia Shares arising from the Proposed Bonus Issue of Shares.

4.4 Substantial Shareholders' shareholdings

The Proposed Bonus Issue of Shares will not have any effect on the percentage shareholdings of the substantial Shareholders as the Bonus Shares will be allotted and issued on a pro-rata basis to all the Shareholders. However, the number of Shares held by the substantial Shareholders will increase proportionately as a result of the Proposed Bonus Issue of Shares.

4.5 Convertible securities

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

5. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed Bonus Issue of Shares is subject to approvals being obtained from:-

- (i) Bursa Securities for the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 22 April 2021;
- (ii) the Shareholders at the forthcoming EGM; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue of Shares is not conditional upon any other corporate exercise / scheme undertaken or proposed to be undertaken by the Company.

6. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue of Shares and those 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:-

Corporate exercises	Status
(i) Proposed Acquisition	The Proposed Acquisition is unconditional and is expected to be completed in the second quarter of 2021.
(ii) Private Placement	The Private Placement is currently at the implementation stage. No placement shares have been issued as at the date of this Circular pursuant to the Private Placement.
(iii) Proposed Bonus Issue of Warrants and Proposed SIS	The Proposed Bonus Issue of Warrants and Proposed SIS are subject to approval from Shareholders at an EGM to be convened on 11 May 2021.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major Shareholders, chief executive and/or persons connected with them has any interest, direct or indirect, in the Proposed Bonus Issue of Shares, apart from their respective entitlements as Shareholders of CN Asia under the Proposed Bonus Issue of Shares, of which all other Shareholders are similarly entitled to.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered the current and prospective financial position, needs and capacity of the Company and after careful deliberation of the rationale and all other aspects of the Proposed Bonus Issue of Shares, is of the opinion that the Proposed Bonus Issue of Shares is in the best interest of the Company and its Shareholders.

Accordingly, the Board recommends that the Shareholders vote in favour of the resolution pertaining to the Proposed Bonus Issue of Shares to be tabled at the forthcoming EGM.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all relevant approvals being obtained, the Proposed Bonus Issue of Shares is expected to be completed by the 2nd quarter of 2021.

The tentative timeline for the implementation of the Proposed Bonus Issue of Shares is as follows:-

Date	Events
11 May 2021	<ul style="list-style-type: none">• EGM for the Proposed Bonus Issue of Shares
June 2021	<ul style="list-style-type: none">• Announcement of the Entitlement Date
June 2021	<ul style="list-style-type: none">• Entitlement Date• Listing and quotation of the Bonus Shares• Completion of the Proposed Bonus Issue of Shares

10. 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 resolution, with or without modifications, to give effect to the Proposed Bonus Issue of Shares.

Date and time of the EGM	: Tuesday, 11 May 2021 at 11.30 a.m. or immediately after the 25th Annual General Meeting and Extraordinary General Meeting No. 1 of the Company (which will be held at the same venue and on the same day at 10.00 a.m. and 11.00 a.m. respectively), whichever is earlier or at any adjournment thereof
--------------------------	---

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.

11. FURTHER INFORMATION

You are advised to refer to Appendix I of this Circular for further information.

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

CHANG CHEE CHING
Executive Director

1. DIRECTORS' 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 contained in this Circular. They confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or information contained in this Circular, or other material facts, the omission of which would make any information or statement in this Circular false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

TA Securities, being the Principal Adviser for the Proposed Bonus Issue of Shares, 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 role as the Principal Adviser for the Proposed Bonus Issue of Shares.

3. 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 has 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

4. MATERIAL LITIGATION

As at the LPD, the Board confirmed that neither the Company nor its subsidiaries are engaged in any material litigation, claim 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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

5. HISTORICAL SHARE PRICES

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

	High	Low
	RM	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 16 April 2021, being the last Market Day immediately prior to the announcement of the Proposed Bonus Issue of Shares		1.51
Last transacted market price on the LPD		1.50

(Source: Bloomberg)

6. IMPACT OF COVID-19 ON THE OPERATIONS AND FINANCIAL PERFORMANCE OF THE 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 Proposed Acquisition. As at the date of this Circular, the Proposed Acquisition was unconditional and expected to be completed by second quarter of 2021. 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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 movement control order has resulted in the deferment of the progress of existing order book of the Group and has adversely affected the financial performance and financial position of the Group.

7. 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 2019 and FYE 31 December 2020; and
- (iii) the letter of consent referred to in Section 2 of this Appendix I.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



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

NOTICE OF EXTRAORDINARY GENERAL MEETING NO. 2

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting No. 2 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 11.30 a.m. or immediately after the 25th Annual General Meeting and Extraordinary General Meeting No. 1 of the Company (which will be held at the same venue and on the same day at 10.00 a.m. and 11.00 a.m. respectively), whichever is earlier or at any adjournment thereof to consider and, if thought fit, passing the following resolution with or without any modifications:-

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 90,605,955 NEW ORDINARY SHARES IN CN ASIA (“CN ASIA SHARES”) (“BONUS SHARES”) ON THE BASIS OF 3 BONUS SHARES FOR EVERY 2 EXISTING CN ASIA SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE OF SHARES”)

“**THAT** subject to the approvals being obtained from all the relevant regulatory authorities and parties (if required) including the approval from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities, authority be and is hereby given to the Board of Directors of the Company (“**Board**”) to issue up to 90,605,955 Bonus Shares on the basis of 3 Bonus Shares for every 2 existing CN Asia Shares held by the entitled shareholders of the Company whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the date to be determined and announced later by the Board;

THAT the Bonus Shares in respect of the Proposed Bonus Issue of Shares shall be issued as fully paid, at nil consideration and without capitalisation of the Company’s reserves;

THAT the Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing CN Asia Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid to the shareholders, the entitlement date of which precedes the date of allotment and issuance of the Bonus Shares;

THAT the Board be and is hereby authorised to deal with fractional entitlements (if any), including disregarding any fractional entitlements, under the Proposed Bonus Issue of Shares, in such manner at its absolute discretion as the Board may deem fit and expedient, and in the best interests of the Company;

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

AND THAT the Board be and is hereby authorised to sign and execute all documents and to take all such necessary steps to give effect to the Proposed Bonus Issue of Shares 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 do all such 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 Shares.”

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
26 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 No. 2 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 11.30 a.m.** or immediately after the 25th Annual General Meeting and Extraordinary General Meeting No. 1 of the Company (which will be held at the same venue and on the same day at 10.00 a.m. and 11.00 a.m. respectively), whichever is earlier or at any adjournment thereof, in respect of *my/our shareholding in the manner indicated above:

ORDINARY RESOLUTION		For	Against
1.	Proposed Bonus Issue of Shares		

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 Shareholders
Delete if not appropriate

Notes:

Members entitled to attend

- 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

- 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.
- 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.
- 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.

- 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.

Fold this flap for sealing

Then fold here

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

1st fold here
