

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

The approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) in relation to the Proposed Private Placement (as defined herein) shall not be taken to indicate that Bursa Securities recommends the Proposed Private Placement. Shareholders should rely on their own evaluation to assess the merits and risks of the Proposed Private Placement.

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 PRIVATE PLACEMENT OF UP TO 74,768,000 NEW ORDINARY SHARES OF CN ASIA CORPORATION BHD (“CN ASIA” OR “COMPANY”), REPRESENTING UP TO APPROXIMATELY 40% OF THE EXISTING NUMBER OF ISSUED SHARES OF CN ASIA (EXCLUDING ANY TREASURY SHARES)

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser and Placement Agent

 **TA SECURITIES**

AN UNWAVERING COMMITMENT

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 will be held physically as follows:

Last date and time for lodging the Proxy Form : Thursday, 8 December 2022 at 9:30 a.m.

Date and time of the EGM : Friday, 9 December 2022 at 9:30 a.m. or at any adjournment thereof

Venue of the EGM : 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, 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 the Share Registrar’s website, TIIH Online at <https://tiih.online> not less than 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 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 24 November 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendix:

COMPANIES:

“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CN Asia” or the “Company”	:	CN Asia Corporation Bhd
“CN Asia Group” or the “Group”	:	The Company and its subsidiaries, collectively
“SCSB”	:	Southborn Capital Sdn Bhd, a wholly-owned subsidiary of the Company
“TA Securities”	:	TA Securities Holdings Berhad
“ZTIB”	:	Zen Tech International Berhad (<i>formerly known as INIX Technologies Holdings Berhad</i>)

GENERAL:

“5D-VWAP”	:	5-day volume weighted average market price
“9M-FPE”	:	9-month financial period ended
“Act”	:	Companies Act 2016
“Announcement”	:	The announcement of the Proposed Private Placement dated 11 October 2022
“Board”	:	Board of Directors of the Company
“Circular”	:	This circular to shareholders dated 24 November 2022 in relation to the Proposed Private Placement
“CN Asia Shares” or “Shares”	:	Ordinary shares in the Company
“Debt Settlement”	:	On 28 January 2022, the Board announced that the Company together with SCSB had entered into a settlement agreement (“ Agreement ”) with ZTIB and its wholly-owned subsidiary, INIX Glove Manufacturing Sdn Bhd (“ IGMSB ”), to settle a loan together with interest accrued thereon, up to 30 June 2022 of RM8,160,000 extended by SCSB to IGMSB, via the issuance and allotment of 108,800,000 ZTIB Shares to the Company at an issue price of RM0.075 per ZTIB Share, representing approximately 19.44% discount to the 5D-VWAP of ZTIB Shares calculated up to 27 January 2022, being the last practicable day preceding the date of the Agreement
“Director”	:	A natural person who holds a directorship in the Company, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act 2007
“EGM”	:	Extraordinary general meeting of the Company
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended/ending
“Interested Person”	:	A director, major shareholder or chief executive of the Company or of its holding Company

DEFINITIONS (CONT'D)

“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	31 October 2022, being the latest practicable date prior to the printing of this Circular
“LPG”	:	Liquefied petroleum gas
“NA”	:	Net assets attributable to owners of the Company
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Placement Shares”	:	The new Shares to be issued pursuant to the Proposed Private Placement
“Private Placement 1”	:	On 9 May 2019, the Company completed a private placement of 4,538,200 new Shares, representing approximately 10% of the total number of issued Shares and raised approximately RM1.82 million pursuant to the general mandate obtained from the Company’s shareholders
“Private Placement 2”	:	On 29 June 2020, the Company completed a private placement of 4,992,070 new Shares, representing approximately 10% of total number of issued Shares and raised approximately RM1.90 million pursuant to the general mandate obtained from the Company’s shareholders
“Private Placement 3”	:	On 5 May 2021, the Company completed a private placement of 5,491,200 new Shares, representing approximately 10% of total number of issued Shares and raised approximately RM7.13 million pursuant to the general mandate obtained from the Company’s shareholders
“Private Placement 4”	:	On 22 October 2021, the Company completed a private placement of 15,000,000 new Shares, representing approximately 9.93% of total number of issued Shares and raised approximately RM6.17 million pursuant to the general mandate obtained from the Company’s shareholders
“Private Placement 5”	:	On 31 December 2021, the Company completed a private placement of 12,710,000 new Shares, representing approximately 7.66% of total number of issued Shares and raised approximately RM5.36 million pursuant to the general mandate obtained from the Company’s shareholders
“Proposed Private Placement”	:	Proposed private placement of up to 74,768,000 new Shares, representing up to approximately 40% of the existing number of issued Shares (excluding any treasury shares)
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SIS Options”	:	600,000 outstanding share issuance scheme options granted on 25 February 2022 and expiring on 14 June 2026, which are exercisable into 600,000 new Shares at an exercise price of RM0.35 each
“ZTIB Shares” or “Settlement Shares”	:	Ordinary shares in ZTIB

DEFINITIONS (CONT'D)

All references to “the Company” in this Circular are to CN Asia, references to “the Group” are to CN Asia Group. All references to “we”, “us”, “the” and “ourselves” are to the Company, or where the context requires, the Group. All references to “you” in this Circular are references to the shareholders of the Company.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, 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 Malaysian time, unless otherwise specified.

Certain figures in this Circular have been subject to rounding adjustments.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SERVES TO HIGHLIGHT SALIENT INFORMATION ON THE PROPOSED PRIVATE PLACEMENT. PLEASE READ THIS CIRCULAR AND ITS APPENDIX CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED PRIVATE PLACEMENT BEFORE VOTING.

The Board recommends that shareholders of the Company to vote **in favour** of the resolution in relation to the Proposed Private Placement to be tabled at the forthcoming EGM.

Proposed Private Placement
<p>The Company intends to place up to 74,768,000 Placement Shares pursuant to the Proposed Private Placement, to independent third-party investor(s) to be identified at a future date(s), who are not any of the following:</p> <ul style="list-style-type: none">(i) a director, major shareholder or chief executive of the Company or of its holding Company;(ii) a person connected with the Interested Person; and/or(iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed. <p>Please refer to Section 2.2 of this Circular for further details.</p>
Basis and justification of determining the issue price
<p>The Board will determine and announce the issue price of the Placement Shares at a future date (“Price Fixing Date”), after the Company’s shareholders and Bursa Securities have approved the Proposed Private Placement. The Placement Shares will be priced at a discount of not more than 20% to the 5D-VWAP of the Shares immediately before the Price Fixing Date, after taking into consideration, among others, the following:</p> <ul style="list-style-type: none">(i) the funding requirements of the Group as set out in Section 2.5 of this Circular;(ii) the rationale for the Proposed Private Placement as set out in Section 4 of this Circular; and(iii) the historical financial performance of the Group for the past 3 audited FYE 31 December 2019 to 31 December 2021, where the Group has been in a loss-making position since FYE 31 December 2019 as set out in Section 5.5 of this Circular. <p>Please refer to Section 2.3 of this Circular for further details.</p>
Rationale
<p>The Board is of the opinion that the Proposed Private Placement is the most appropriate avenue to raise additional funds to be used to meet the purposes as stated in Section 2.5 of this Circular, after considering, among others, the following:</p> <ul style="list-style-type: none">(i) the Proposed Private Placement provides the Company an expeditious way of raising funds from the capital market as opposed to other forms of fund raising such as rights issue, which is likely to take a longer time to complete. Upon completion of the Proposed Private Placement, the enlarged capital base is expected to strengthen the Group’s financial position and future earnings when the economic and financial benefits from the use of proceeds are realised;(ii) the Proposed Private Placement will not incur interest cost associated with bank borrowings or the issuance of debt instruments for the Group’s moneylending business. In addition, the Proposed Private Placement will allow the Group to reduce interest payment by partially repaying part of the bank borrowings. This will therefore enable the Group to reduce its future cash outflow as it would be able to avoid the regular interest payments;(iii) the Proposed Private Placement will not require the Company to arrange for any underwriting or to procure any undertaking from the Company’s shareholders to guarantee a minimum amount of funds to be raised as would usually be required for a rights issue of shares; and(iv) even though the Proposed Private Placement will dilute the existing shareholders’ shareholdings through the issuance of new Shares to third-party investors, there is no certainty that the Company is able to meet the fundraising objectives from a rights issue of shares as the level of funds to be raised will depend on the subscription rate by the entitled shareholders of the Company. <p>Please refer to Section 4 of this Circular for further details.</p>

EXECUTIVE SUMMARY (CONT'D)

Usage of proceeds

At an indicative issue price of RM0.22 per Placement Share, the proceeds of approximately RM16.45 million are intended to be used by the Group in the following manner:

Purposes	Amount (RM'000)	Expected time frame for the usage of proceeds (from the date of listing of the Placement Shares)
Moneylending business	13,000	Within 6 months
Repayment of bank borrowings	3,221	Within 1 month
Estimated expenses for the Proposed Private Placement	228	Immediately
Total proceeds	16,449	

Please refer to **Section 2.5** of this Circular for further details.

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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
Malaysia

24 November 2022

Board of Directors

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

To: Shareholders of CN Asia

Dear Sir/Madam,

PROPOSED PRIVATE PLACEMENT

1. INTRODUCTION

On 11 October 2022, TA Securities announced on behalf of the Board that the Company proposes to undertake the Proposed Private Placement, at an issue price(s) to be determined and fixed at future date(s).

Bursa Securities had through its letter dated 9 November 2022, approved the listing of and quotation for up to 74,768,000 Placement Shares on the Main Market of Bursa Securities pursuant to the Proposed Private Placement, subject to conditions as stated in **Section 8** of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION OF THE PROPOSED PRIVATE PLACEMENT, TO SET OUT THE BOARD'S RECOMMENDATION ON THE PROPOSED PRIVATE PLACEMENT AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED PRIVATE PLACEMENT TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Size of placement

The size of the Proposed Private Placement is up to 74,768,000 Placement Shares, representing approximately 40% of the existing number of issued Shares as at the LPD. For the avoidance of doubt, the number of Placement Shares to be issued pursuant to the Proposed Private Placement will not exceed 74,768,000 Placement Shares in the event the issued share capital of the Company increased due to the exercise of the SIS Options, prior to the implementation of the Proposed Private Placement.

2.2 Placement arrangement

The Company intends to place up to 74,768,000 Placement Shares pursuant to the Proposed Private Placement to independent third-party investor(s) to be identified later at a future date(s) (“**Third Party Investor(s)**”), who are not any of the following:

- (i) a director, major shareholder or chief executive of the Company or of its holding Company;
- (ii) a person connected with the Interested Person; and/or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Third Party Investor(s) shall be persons who qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007.

Subject to market conditions and the timing of identification of placee(s), the Proposed Private Placement may be implemented in 1 or more tranches within 6 months from the date of approval from Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities. The implementation of the placement arrangement in multiple tranches would provide flexibility to the Company to procure interested investors to subscribe for the Placement Shares within the approved period.

If the Placement Shares are issued in multiple tranches, the issue price for each tranche of the Placement Shares may be determined separately, in accordance with market-based principles.

The Company will make the necessary price-fixing announcement(s) once the Board has fixed the issue price of the Placement Shares which may be issued in tranches, in which there will be a price-fixing announcement for each tranche of Placement Shares. In any event, the Company will ensure payment for the Placement Shares by the placee(s) is received within 5 market days from the price-fixing date of each tranche of the Proposed Private Placement.

2.3 Basis and justification for the issue price of the Placement Shares

The Board will determine and announce the issue price of the Placement Shares at future date (“**Price Fixing Date**”), after the Company’ shareholders and Bursa Securities have approved the Proposed Private Placement. The Placement Shares will be priced at a discount of not more than 20% to the 5D-VWAP of the Shares immediately before the Price Fixing Date, after taking into consideration, among others, the following:

- (i) the funding requirements of the Group as set out in **Section 2.5** of this Circular;
- (ii) the rationale for the Proposed Private Placement as set out in **Section 4** of this Circular; and
- (iii) the historical financial performance of the Group for the past 3 audited FYEs 31 December 2019 to 31 December 2021, where the Group has been in a loss-making position since FYE 31 December 2019 as set out in **Section 5.5** of this Circular.

The Board is of the opinion that due to uncertain market conditions and price movements of the Shares, the discount of up to 20% will be able to provide the Company with more flexibility when fixing the issue price of the Placement Shares and will increase its attractiveness for the places to subscribe for the Placement Shares with an aim to raise the required funds for the Group.

For illustrative purposes, an indicative issue price of RM0.22 per Placement Share represents a discount of RM0.0419 or approximately 16.00% to the 5D-VWAP of the Shares up to and including the LPD of RM0.2619. At this indicative issue price, the Proposed Private Placement is expected to raise gross proceeds of up to RM16,448,960.

The issuance of the Placement Shares will dilute the percentages of existing shareholders' shareholdings in the Company, with the degree of dilution depending on the number of Placement Shares to be issued. However, such dilutive effects are also expected to be mitigated as the proceeds to be raised from the Proposed Private Placement would be used to fund the working capital for the Group's moneylending business and repayment of bank borrowings which will in turn improve the financial position of the Group. The issue price of the Placement Shares will not affect the shareholdings of the existing shareholders in the Company.

2.4 Ranking of the Placement Shares

Upon allotment and issuance, the Placement Shares shall rank equally in all respects with the existing Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions, of which the entitlement date is prior to the dates of allotment and issuance of the Placement Shares.

2.5 Usage of proceeds

At the indicative issue price of RM0.22 per Placement Share, the proceeds of approximately RM16.45 million are intended to be used by the Group in the following manner:

Purposes	Notes	Amount (RM'000)	Expected time frame for the usage of proceeds (from the date of listing of the Placement Shares)
Moneylending business	(1)	13,000	Within 6 months
Repayment of bank borrowings	(2)	3,221	Within 1 month
Estimated expenses for the Proposed Private Placement	(3)	228	Immediately
Total proceeds		16,449	

Notes:

(1) The Group intends to allocate up to RM13.00 million for its moneylending business, conducted through SCSB, to provide financing schemes that cater to a wide range of customers, ranging from start-up entrepreneurs to small and medium enterprises. SCSB holds a money lender's licence issued by the Ministry of Housing and Local Government under the Moneylenders Act 1951, which is valid until 3 December 2024. There is no maximum loan amount that SCSB can lend out pursuant to the money lender's license issued by the Ministry of Housing and Local Government. As such, the amount to be lent out depends on SCSB's capacity such as its available financial resources.

Pursuant to Section 17A of the Moneylenders Act 1951, a money lender may levy interest charges not exceeding 12% and 18% (per annum) for secured and unsecured loan respectively. Nevertheless, the Group intends to levy interest charges at the rates of 6% to 8% per annum which would allow the Group to provide more attractive financing schemes to secure potential customers for its money lending business. However, the Group may adjust the interest charges from time to time based on the prevailing interest rates in order for the Group to offer attractive financing schemes to its customers and/or potential customers, while ensuring the Group to remain profitable from the moneylending business. Based on the above interest rates, the Group is expected to generate gross interest return between RM0.78 million to RM1.04 million per annum during the tenure of the loan.

As at the LPD, the Group has lent out a total loan of approximately RM12.00 million (consisting of all unsecured loan) to 6 corporations which are involved in a variety of businesses such as manufacturing, logistics, property development, construction and production of videos and filming. In addition, the Group has collected a principal amount of approximately RM8.00 million (by way of ZTIB Shares issued by ZTIB pursuant to the Debt Settlement) while also recognising interest income of approximately RM0.86 million from the moneylending business up to 9M-FPE 30 September 2022. The Group has established strict credit checks on potential borrowers as part of the credit risk assessment prior to granting the loans, and the borrowers will be reviewed on an annual basis to ensure that their credit standing remained intact.

As at the LPD, SCSB has yet to identify any potential borrower for its moneylending business based on the proceeds allocated pursuant to the Proposed Private Placement.

In view that the moneylending business under the financial services segment was the only segment of the Group that generated positive profit in FYE 31 December 2021 and 9M-FPE 30 September 2022 i.e., PAT of RM0.07 million for the FYE 31 December 2021 and PAT of RM0.40 million, the Group intends to raise additional financial resources to expand the total loan size in order to generate more interest income to mitigate the losses incurred in other segments within the Group. The proceeds to be raised from the Proposed Private Placement is adequate for the Group's funding needs at this juncture, therefore the Group does not foresee any other fund-raising exercise is needed for the moneylending business in short term.

- (2) As at the LPD, the Group's bank borrowings totalled of approximately RM10.25 million comprising of overdraft, Banker's Acceptance and term loan are as follows:

Types of borrowings	Interest rate per annum (%)	Maturity	Balance as at the LPD (RM'000)
Bank Overdraft	3.70-6.20	On demand	3,848
Bankers' Acceptance	3.40-4.17	1 November 2022 - 17 March 2023	3,155
Term loan	3.40	2040	3,247
Total			10,250

As at the LPD, the Group has an outstanding overdraft of approximately RM3.85 million for its working capital.

As at the LPD, the Group has an outstanding Bankers' Acceptance of approximately RM3.16 million to finance purchases of raw material mainly for the Group's manufacturing division.

As at the LPD, the Group has an outstanding term loan amounting to approximately RM3.25 million to fund the acquisition of a parcel of vacant land in the District of Kuala Langat, Selangor. The said acquisition will enable the Group to construct a new manufacturing facility on the vacant land to mitigate the risk of operational disruption and sustain its operations for the long run. Further information of the said acquisition is set out in **Section 5.4** of this Circular.

The Group has decided to allocate up to approximately RM3.22 million of the proceeds to be raised from the Proposed Private Placement to partially repay the Bank Overdraft in view of the interest savings of approximately RM0.19 million per annum (with an effective annual interest rate of 6.0%) following the Group's internal assessment of prevailing interest rates and interest savings. The repayment of borrowings is in relation to the repayment of Bank Overdraft where the interest rate was ranging between 3.70% to 6.20 % from January 2022 to October of 2022. The interest rate for the Bank Overdraft has risen to more than 6.00% due to recent increase in the overnight policy rate in 2022 as announced by Bank Negara Malaysia. In view of the foregoing, the proceeds raised from the Proposed Private Placement will enable the Group to repay the Bank Overdraft to reduce the interest expenses and prevent the increase in gearing ratio if the overnight policy rate continues to increase further.

The repayment of bank borrowings from the proceeds of the Proposed Private Placement would have a pro forma effect of reducing the Group's gearing ratio from 0.13 times as of 31 December 2021, to 0.05 times. A lower gearing level will allow the Group to have greater flexibility in sourcing for funding alternatives in the future, if required.

- (3) The expenses mainly consist of professional fees, placement fees, fees payable to the relevant authorities and other ancillary expenses related to the Proposed Private Placement. Any variation to the actual amount of the expenses will be adjusted against the allocation for repayment of bank borrowings.

The actual proceeds to be raised will depend on the number of Placement Shares to be issued and their issue price(s). Any variance in the actual gross proceeds raised will be adjusted against the amount allocated for the repayment of bank borrowings.

After the proceeds have been raised and before usage, it will be placed in an interest-bearing deposits account with a financial institution or short-term money market instruments, as the Board may deem fit. Any interest income arising therefrom will be used as the Group's general working capital.

Pursuant to Paragraph 8.22 of the Listing Requirements, the Company will seek its shareholder's approval if the Company proposes to make a material change (i.e., 25% or more of the total proceeds raised) to the use of proceeds raised from the Proposed Private Placement.

2.6 Pre-emptive rights pursuant to Section 85 of the Act and the Company's Constitution

Pursuant to Section 85 of the Act read together with Clause 18.2 of the Company's Constitution, the Company's shareholders have pre-emptive rights to be offered any new Shares issued by the Company which rank equally to the existing issued Shares or other convertible securities in the Company ("**Pre-emptive Rights**").

Section 85 of the Act provides as follows:

- “(1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.*
- (2) An offer under subsection (1) shall be made to the holders of existing shares in a notice specifying the number of shares offered and the time frame of the offer within which the offer, if not accepted, is deemed to be declined.*
- (3) If the offer is not accepted after the expiry of the period specified in the notice under subsection (2), the directors may dispose those shares in such manner as the directors think most beneficial to the company.”*

Clause 18.2 of the Company's Constitution provides as follows:

“Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this clause.”

Therefore, in order for the Company to issue any new Shares pursuant to the Proposed Private Placement or other convertible securities free of the Pre-emptive Rights, the Pre-emptive Rights must first be waived by the Company's shareholders. As such, waiver of the Pre-emptive Rights will be tabled at the forthcoming EGM to seek for the Company's shareholders' approval under the ordinary resolution 1 for the Proposed Private Placement.

The ordinary resolution 1 for the Proposed Private Placement, if passed, will exclude the Company's shareholders' Pre-emptive Rights to be offered the Placement Shares pursuant to the Proposed Private Placement. Please refer to the notice of EGM for the proposed ordinary resolutions 1 as set out in this Circular.

3. PREVIOUS FUND-RAISING EXERCISES

The Company had undertaken the following fund-raising exercises in the past 5 years preceding the LPD:

(i) Private Placement 1

On 9 May 2019, the Company completed the Private Placement 1 through issuance of 4,538,200 new Shares and raised approximately RM1.82 million as follows:

Listing date	Issue price (RM)	No. of Shares placed out	Gross proceeds (RM'000)
09 May 2019	0.4000	4,538,200	1,815,280
Total proceeds		4,538,200	1,815,280

The status of use of proceeds of the Private Placement 1 is as follows:

Purposes	Amount (RM'000)	Utilisation (RM'000)	Balance utilisation (RM'000)	Estimated timeframe for utilisation from listing of placement shares
Overhaul of machinery	1,731	(1,253)	478	December 2022
Expenses for the Private Placement 1	84	(84)	-	Completed
Total proceeds	1,815	(1,337)	478	

(ii) Private Placement 2

On 29 June 2020, the Company completed the Private Placement 2 through issuance of 4,992,070 new Shares and raised approximately RM1.90 million as follows:

Listing date	Issue price (RM)	No. of Shares placed out	Gross proceeds (RM'000)
29 June 2020	0.3800	4,992,070	1,897
Total proceeds		4,992,070	1,897

The proceeds from the Private Placement 2 have been fully utilised as follows:

Purposes	Amount (RM'000)
Purchase of JBC Light Trucks - 4X2 – 6 Wheelers complete with Spare Parts	1,846
Expenses for the Private Placement 2	51
Total proceeds	1,897

(iii) Private Placement 3

On 5 May 2021, the Company completed the Private Placement 3 through issuance of 5,491,200 new Shares and raised approximately RM7.13 million as follows:

Listing date	Issue price (RM)	No. of Shares placed out	Gross proceeds (RM'000)
5 May 2021	1.2987	5,491,200	7,131
Total proceeds		5,491,200	7,131

The proceeds from the Private Placement 3 have been fully utilised as follows:

Purposes	Amount (RM'000)
Purchase of raw material	6,000
Working capital	631
Expenses for the Private Placement 3	500
Total proceeds	7,131

(iv) **Private Placement 4**

On 22 October 2021, the Company completed the Private Placement 4 through issuance of 15,000,000 new Shares and raised approximately RM6.17 million as follows:

Listing date	Issue price (RM)	No. of Shares placed out	Gross proceeds (RM'000)
12 August 2021	0.4150	6,500,000	2,698
26 August 2021	0.4050	4,321,000	1,750
27 August 2021	0.4060	3,500,000	1,421
22 October 2021	0.4496	679,000	305
Total proceeds		15,000,000	6,174

The proceeds from the Private Placement 4 have been fully utilised as follows:

Purposes	Amount (RM'000)
Moneylending business	6,051
Expenses for the Private Placement 4	123
Total proceeds	6,174

(v) **Private Placement 5**

On 31 December 2021, the Company completed the Private Placement 5 through issuance of 12,710,000 new Shares and raised approximately RM5.36 million as follows:

Listing date	Issue price (RM)	No. of Shares placed out	Gross proceeds (RM'000)
16 December 2021	0.403	4,962,000	1,999
31 December 2021	0.434	7,748,000	3,363
Total proceeds		12,710,000	5,362

The proceeds from the Private Placement 5 have been fully utilised as follows:

Purposes	Amount (RM'000)
Moneylending business	5,275
Expenses for the Private Placement 5	87
Total proceeds	5,362

(vi) **Shareholding dilution for existing shareholders resulting from the fund-raising exercises in the past 5 years**

Illustrative effects	Before fund-raising exercises⁽¹⁾	After Private Placement 1, 2, 3, 4 & 5	After the Proposed Private Placement
No. of issued shares of the Company	45,382,500	88,113,970 (inclusive of 42,731,470 Shares)	162,881,970 (inclusive of 74,768,000 Shares)
Aggregate shareholding percentage of the Company's existing shareholders	100%	51.50% (no Shares issued to existing shareholders)	27.86% (no Shares issued to existing shareholders)

Note:

(1) Indicated in Section 4 of the Company's announcement dated 22 January 2019 in relation to the Previous Placement 1.

4. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

After due consideration on the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue to raise additional funds to meet the purposes as stated in **Section 2.5** of this Circular, after considering the following:

- (i) the Proposed Private Placement provides the Company an expeditious way of raising funds from the capital market as opposed to other forms of fund raising such as rights issue, which is likely to take a longer time to complete. Upon completion of the Proposed Private Placement, the enlarged capital base is expected to strengthen the Group's financial position and future earnings when the economic and financial benefits from the use of proceeds are realised. Although the cost of equity of the funds to be raised from the Proposed Private Placement may be higher than the interest to be earned from the moneylending business, the cost of equity can be lower in the long run because of the revolving nature of the loans extended to the customers which can generate sustainability revenue to the Group as the total loan size increases;
- (ii) the Proposed Private Placement will not incur interest cost associated with bank borrowings or the issuance of debt instruments for the Group's moneylending business. In addition, the Proposed Private Placement will allow the Group to reduce interest payment by partially repaying part of the bank borrowings. This will therefore enable the Group to reduce its future cash outflow as it would be able to avoid the regular interest payments;
- (iii) the Proposed Private Placement will not require the Company to arrange for any underwriting or to procure any undertaking from the Company's shareholders to guarantee a minimum amount of funds to be raised as would usually be required for a rights issue of shares; and
- (iv) even though the Proposed Private Placement will dilute the existing shareholders' shareholdings through the issuance of new Shares to third-party investors, it is likely that the Company will be able to raise the funds from the Proposed Private Placement in view of the previous successful private placements. As compared to a right issue of shares, there is no certainty that the Company is able to meet the fundraising objectives as the level of funds to be raised will depend on the subscription rate by the entitled shareholders of the Company.

5. INDUSTRY OUTLOOK AND PROSPECTS OF THE GROUP

5.1 Overview and outlook of the Malaysian economy

Malaysia's economy expanded by 6.9% in the first half of 2022 underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the 2022. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the leading Index, the economy is anticipated to gain its growth momentum in the second half of the 2022 attributed to strong domestic demand as the country transitions into endemicity.

For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% - 7%. The domestic economy remains resilient and is forecast to expand between 4% - 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

The Malaysian economy registered a strong growth of 14.2% in the third quarter of 2022 ("3Q 2022") (second quarter of 2022 ("2Q 2022"): 8.9%). Apart from the sizeable base effects from negative growth in the third quarter of 2021, the high growth was underpinned by continued expansion in domestic demand. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.9% in 3Q 2022 (2Q 2022: 3.5%). Overall, the Malaysian economy expanded by 9.3% in the first three quarters of 2022.

Malaysia's economic growth will be supported by continued expansion in domestic demand. The economy would benefit from the improvement in labour market conditions, realisation of multi-year projects and higher inbound tourism activity. While external demand is expected to moderate, this will be partly cushioned by Malaysia's diversified export base.

The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(Source: 3rd quarter 2022, Quarterly Bulletin, Bank Negara Malaysia)

5.2 Overview and outlook of the Malaysian manufacturing industry

The manufacturing sector continued to expand, recording a growth of 7.9% in the first half of 2022, supported by both the export- and domestic-oriented industries. The export-oriented industries, which constitute 68.9% of the manufacturing sector, grew by 7.1%, while the domestic-oriented industries increased by 9.7%. The sector is expected to improve further in the second half with an expansion rate of 4.9%, driven by higher output across all industries, particularly from the electrical and electronics ("E&E") sector, transport equipment as well as metal-related segments.

The manufacturing sector is forecast to grow by 3.9% in 2023 supported by expansion in all subsectors. Output in export-oriented industries is anticipated to increase despite a softening global trade, with the E&E segment continues to drive the industries. In addition, output of rubber-based products segment is projected to rise mainly attributed to the increase in production of tyres and tubes following buoyant global demand for motor vehicles.

The COVID-19 pandemic has implicated trade and the overall economy on an unprecedented scale, which required various urgent measures and policy responses to mitigate the crisis. The onset of the pandemic had halted the operation of non-essential sector businesses, while the essential sectors, including healthcare, telecommunications and media, food and beverages, utilities as well as banking were only allowed to operate at 60% capacity. To revive the adversely affected manufacturing sector, Malaysia progressively reopened its economy. The silver lining from the pandemic was advantageous to certain Malaysia's exports, notably the E&E and rubber products, which benefitted from surging demands. The increase in E&E exports, particularly semiconductors, automatic data processing equipment as well as telecommunication equipment parts, were largely due to the upward global trend for digitalisation and technology upcycle. The increase in global demand for personal protective equipment (PPE) was a boon to Malaysia's rubber products, especially rubber gloves, due to COVID-19 healthcare-related procedures and massive vaccination programmes worldwide.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

The manufacturing sector grew by 13.2% in 3Q 2022 (2Q 2022: 9.2%). The E&E cluster continued to record strong growth of 17.3% in 3Q 2022 (2Q 2022: 15.5%), while the primary sector expanded at a faster pace (3Q 2022: 6.0%; 2Q 2022: 1.3%) due to the resumption of operations at an existing oil refinery that was previously under maintenance. The consumer cluster registered double-digit growth, lifted by the ramp up of production in the motor vehicle and transport equipment segment to meet the high backlog in orders.

(Source: 3rd quarter 2022, Quarterly Bulletin, Bank Negara Malaysia)

5.3 Overview and outlook of the loan market in Malaysia

As at end of 3Q 2022, net financing grew by 5.4% (2Q 2022: 4.9%) supported mainly by higher outstanding loan growth (3Q 2022: 6.1%; 2Q 2022: 5.4%), driven by the household segment. Meanwhile, growth in outstanding corporate bonds was sustained at 3.5% in 3Q 2022 (2Q 2022: 3.4%).

Outstanding business loan growth stood at 5.0% in 3Q 2022 (2Q 2022: 5.5%), as the growth in loan repayments outpaced that of loan disbursements, particularly from those not of the small and medium enterprise (SME) segment. By purpose, working capital financing continued to be the key driver of credit growth. There was high repayments growth across most sectors. Loan applications remained forthcoming across most loan purposes and business segments, reflecting continued demand for financing to support business activity.

For households, outstanding loans grew by 6.2% in 3Q 2022 (2Q 2022: 5.7%), on account of high growth in loan disbursements to households for the purchase of houses and cars. This reflected continued loan demand, despite the lapse of certain measures such as the sales tax relief on new vehicles. In addition, the ability of households to repay loans remained sustained, as observed from the high growth in loan repayments, especially as most repayments have fully resumed during the quarter following the gradual lapse in repayment assistance programmes.

Interest rates rose during the quarter following the increase in the Overnight Policy Rate ("OPR"). Interest rates in the wholesale and retail markets continued to trend higher in the third quarter following the two rounds of increases in the OPR by 25 basis points each on 6 July 2022 and 8 September 2022. The magnitude of adjustments in the interbank market immediately after the July MPC meeting was less than the actual quantum of the OPR hike as market participants had partially priced in the adjustment. Since the OPR adjustments, however, the Kuala Lumpur Interbank Offered Rate ("KLIBOR") continued to increase, particularly at the longer tenures amid market expectations of further increase in the OPR. For the quarter, the 1-month and 3-month KLIBOR increased by 46 and 68 basis points respectively to end the period at 2.67% and 3.06% (2Q 2022: 2.21% and 2.38%). In the retail market, lending and deposit rates also responded to the OPR increase. The weighted average lending rate (ALR) on outstanding loans increased by 50 basis points while nominal fixed deposit rates increased by between 44 and 49 basis points across tenures of 1 to 12 months. Real fixed deposit rates also increased, but to a lesser degree, given expectations for higher inflation.

(Source: 3rd quarter 2022, Quarterly Bulletin, Bank Negara Malaysia)

Net financing grew by 5.6% as at end September 2022 (August 2022: 6.1%), reflecting lower growth in both outstanding loans (September 2022: 6.4%; August: 6.8%) and corporate bonds (September 2022: 3.5%; August: 4.3%). Growth in outstanding household loans remained unchanged at 6.6% at end September 2022, reflecting steady growth across most purposes. Despite some moderation, loan disbursements continued to record high growth, amid sustained repayment trends.

For businesses, growth in outstanding loans declined to 5.2% in September 2022 (August 2022: 6.8%), partly due to a higher base effect. Nonetheless, loan disbursements remained sustained, driven particularly by the wholesale trade, consumer manufacturing, and civil engineering segments.

(Source: Monthly Highlights, September 2022, Bank Negara Malaysia)

5.4 Prospects of the Group

As at the LPD, the Group is principally involved in the following segments:

Segment	Description
Manufacturing	<ul style="list-style-type: none"> Manufacture tanks and related products, engineering and fabrication works
Financial services	<ul style="list-style-type: none"> Provision of moneylending services
Energy Management	<ul style="list-style-type: none"> The business of energy management focused on nano technology lighting and urban farming
Investment	<ul style="list-style-type: none"> Investment holdings comprise companies providing management services

The Group is involved in the manufacturing of steel-based products including structural steel, LPG 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 who are 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 the past. In respect of 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. The said acquisition was subsequently completed on 4 June 2021. The Group is currently constructing a new manufacturing facility on the vacant land to mitigate the risk of operational disruption and sustain its operations for the long run. The manufacturing facility is expected to be completed by the second quarter of 2023. The usage of the manufacturing facility will be determined after the manufacturing facility has been completed. 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.

On 15 June 2021, the Company completed the acquisition of SCSB which is principally involved in moneylending business. The aforesaid initiative was undertaken to provide the Group with an avenue to generate a new stream of revenue. The Group's moneylending business is expected to contribute positively to the financial performance of the Group. The Group intends to extend the financing schemes to business sectors which are underserved by licensed financial institutions. As a new entrant in the moneylending business, the Group plans to develop its customer base via provision of flexible financing schemes with competitive interest charges to cater for a broader range of customers who have limited access to banking facilities. In addition, the Group foresees further growth opportunity for the Group's moneylending business, especially with the hike in the Overnight Policy Rate in the second half of year 2022.

The Board intends to allocate approximately RM13.00 million (or 79.03%) of the total proceeds to be raised from the Proposed Private Placement to fund its moneylending business after taking into consideration of the positive outlook of the loan market in Malaysia as set out in **Section 5.3** of this Circular in view that the moneylending business under the financial services segment of the Group had generated revenue of RM0.18 million in FYE 31 December 2021 (FYE 31 December 2020: Nil) and PAT of RM0.07 million in FYE 31 December 2021 (FYE 31 December 2020: Nil). In addition, the financial services segment was the only segment of the Group that generated positive profit for the Group in FYE 31 December 2021.

The Board is of the view that the business environment remains challenging and competitive in view of the increasing steel material pricing and logistic costs which have affected the overall profit margins of the manufacturing segment. Moving forward, the Group's performance may be affected by the fluctuations in USD/RM exchange rates and the worldwide geographical conflict. With the lifting of the pandemic restrictions and the re-opening of internal borders in April 2022 resulting in the resuscitation of the overall business environment in the country. Furthermore, the revenue from the moneylending business is expected to continue to grow as a result of increase in interest income due to increase in interest rate as set out in **Section 5.3** of this Circular.

The Group will continue its effort to drive its performance improvements along with the recovery of the economic environment. However, rising inflation and the increase in cost of materials may impede economic recovery momentum. Amidst the uncertainties and unpredictable business environment, the Group will continue to remain cautious and continuously monitor the developments of the global economic growth situation by taking appropriate measures to pursue more projects to expand its revenue base to sustain the Group's business and improve the Group's performance.

(Source: Management of CN Asia)

Steps undertaken or to be undertaken by the Group to improve its financial position

- (i) On 5 May 2021, the Company completed the Private Placement 3 and raised approximately RM7.13 million in proceeds mainly for purchase of raw material and working capital of the Group;
- (ii) On 22 October 2021, the Company completed the Private Placement 4 and raised approximately RM6.17 million in proceeds mainly for the Group's moneylending business;
- (iii) On 31 December 2021, the Company completed the Private Placement 5 and raised approximately RM5.36 million in proceeds mainly for the Group's moneylending business;
- (iv) On 15 June 2021, the Company completed the acquisition of SCSB, to provide financing scheme that cater to a wide range of customers, ranging from start-up entrepreneurs to small and medium enterprises. The Board remains optimistic that SCSB's moneylending business will provide an additional revenue stream to the Group and improve the financial position of the Group. As at the LPD, the Group has lent out a total of RM12.00 million loan (consisting of all unsecured loan);
- (v) On 5 July 2022, the Company announced the completion of the Debt Settlement on 4 July 2022, following the listing of and quotation for 108,607,122 new ZTIB Shares (which were allotted to the Company) on the ACE Market of Bursa Securities on 4 July 2022. The Company intends to hold the Settlement Shares as a medium- and long-term investment. The Board is of the view that the Debt Settlement through issuance of the Settlement Shares provides an opportunity to the Group to have investment in glove manufacturing and trading business via shareholding in ZTIB. As at the LPD, the Company holds 17.46% equity interest in ZTIB; and

- (vi) The Proposed Private Placement is an interim measure to address the Group's cash flow needs for the purposes as set out in **Section 2.5** of this Circular. The proceeds raised from the Proposed Private Placement will be utilised for the Group's moneylending business which is expected to strengthen its lending capacity to a wider pool of borrowers and increase the Group's assets due to increase in total loan size. In addition, the proceeds allocated for repayment of bank borrowings will enable the Group to reduce its future interest payment arising from the financing facilities. The Board believes that the use of proceeds from the Proposed Private Placement for the Group's moneylending business and repayment of bank borrowings would improve the financial performance of the Group when the benefit of the use of proceeds are realised.

The above-mentioned Private Placement 3, 4, and 5 were implemented to ensure the Group had sufficient immediate funding needs during the COVID-19 period and enable the Group to raise additional funds to gain additional revenue stream by venturing into moneylending business to mitigate the decrease in revenue from its largest revenue contributor i.e., manufacturing segment, which was impacted by the outbreak of COVID-19.

The audited revenue and PAT of the Group for the audited FYE 31 December 2019 to 31 December 2021 and the unaudited 9M-FPE September 2022 are as follows:

	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	FYE 31 December 2021 RM'000	9M-FPE 30 September 2022 RM'000
<u>Revenue</u>				
Manufacturing	15,566	14,718	11,479	7,750
Financial services	-	-	178	679
Energy Management	-	-	-	-
Construction	-	-	-	-
Investment	60	13,037	361	354
Eliminations	(60)	(13,037)	(361)	(354)
	15,566	14,718	11,657	8,429
<u>PAT / LAT</u>				
Manufacturing	287	(4,308)	(1,531)	(2,359)
Financial services	-	-	72	403
Energy Management	-	-	-	(56)
Construction	-	(510)	-	-
Investment	(299)	(285)	(10,512)	(6,772)
Eliminations	-	-	301	309
	(12)	(5,103)	(11,670)	(8,475)

(Source: Management of CN Asia)

5.5 Financial information of the Group

The summary of the financial information of the Group for the audited FYEs 31 December 2019 to 31 December 2021 as well as the unaudited 9M-FPE 30 September 2021 to 30 September 2022 are as follows:

	(Audited)			(Unaudited)	
	FYE 31 December 2019 (RM'000)	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	9M-FPE 30 September 2021 (RM'000)	9M-FPE 30 September 2022 (RM'000)
Revenue	15,566	14,718	11,657	7,682	8,429
PBT/(LBT)	201	(4,227)	(11,790)	(2,544)	(8,357)
LAT attributable to owners of the Company	(12)	(5,103)	(11,670)	(2,407)	(8,475)
Share capital	40,201	42,098	60,765	55,098	63,943
Shareholders' funds / NA	43,231	39,746	54,481	49,847	50,048
No. of Shares in issue ('000)	49,921	54,913	178,720	165,331	186,920
Weighted average no. of Shares ('000)	48,408	52,417	117,269	100,546	178,673
NA per Share (sen) ⁽¹⁾	86.60	72.40	30.48	30.15	26.78
Loss per Share (sen) ⁽²⁾	(0.02)	(9.74)	(9.95)	(2.39)	(4.74)
Current assets	36,898	38,118	38,278	40,090	31,970
Current liabilities	4,916	7,769	5,635	5,746	10,100
Current ratio (times) ⁽³⁾	7.51	4.91	6.79	6.98	3.17
Borrowings ⁽⁴⁾	3,299	4,380	6,826	5,873	11,282
Gearing (times) ⁽⁵⁾	0.08	0.11	0.13	0.12	0.23

Notes:

- (1) Computed based on the NA divided by the number of Shares in issue.
- (2) Computed based on the LAT divided by the weighted average number of Shares in issue.
- (3) Computed based on the current asset divided by current liabilities.
- (4) Comprising lease liabilities and bank borrowings.
- (5) Computed based on the total borrowings divided by the NA.

Commentaries:

(i) 9M-FPE 30 September 2022 vs 9M-FPE 30 September 2021

The Group's revenue for the 9M-FPE 30 September 2022 increased by approximately RM0.75 million (or 9.77 %) to RM8.43 million (9M-FPE 30 September 2021: RM7.68 million) due to:

- (a) higher revenue generated by the manufacturing segment of RM7.75 million in the 9M-FPE 30 September 2022 (9M-FPE 30 September 2021: RM7.68 million) representing an increase of RM0.07 million (or 0.91%) mainly attributable to the increase in revenue from storage tanks and road tankers which was offset by the decrease in revenue from pressure vessels and metal forming services; and
- (b) additional revenue generated from financial services segment of RM0.68 million in the 9M-FPE 30 September 2022 (9M-FPE 30 September 2021: Nil) due to the commencement of the Group's moneylending business in the fourth quarter of 2021.

The Group's LAT for the 9M-FPE 30 September 2022 increased by RM6.07 million (or 251.87%) to RM8.48 million (9M-FPE 30 September 2021: RM2.41 million). The increase was mainly due to the following:

- (a) higher administrative expenses of RM3.60 million in 9M-FPE 30 September 2022 (9M-FPE 30 September 2021: RM2.70 million) mainly attributable to the recognition of share option expenses for the 3,200,000 SIS Options granted to the Group's eligible employees amounting to approximately RM0.86 million, recognition of amortization of leasehold land and intangible assets of approximately RM0.04; and
- (b) higher operating expenses of RM5.43 million in 9M-FPE 30 September 2022 (9M-FPE 30 September 2021: RM0.07 million) mainly attributable to the recognition of impairment of investment amounting to approximately RM5.43 million. This impairment on investment arises from the acquisition of Zen Tech International Berhad via the Debt Settlement as a result of the Group acquired the Settlement Shares at an issue price of RM0.075 each. Further details in relation to the Debt Settlement are set out in item (v) of **Section 5.4** of this Circular).

(ii) FYE 31 December 2021 vs FYE 31 December 2020

The Group's revenue for the FYE 31 December 2021 decreased by approximately RM3.06 million (or 20.79%) to RM11.66 million (FYE 31 December 2020: RM14.72 million) mainly due to lower revenue generated by the manufacturing segment of RM11.48 million in FYE 31 December 2021 (FYE 31 December 2020: RM14.72 million) representing a decrease of RM3.24 million (or 22.01%). The decrease was mainly due to the drop in exports of road tankers during the FYE 31 December 2021 coupled with disruptions from the on-going stringent COVID-19 standard operating procedures implemented by the Malaysian government. The Group suffered unexpected delays in overall production and delivery progress due to the disruption in supply chains during the reimplementing of the MCO imposed by the Malaysian government in May 2021 as a result of the resurgence in COVID-19 cases in Malaysia.

The Group's LAT for the FYE 31 December 2021 increased by RM6.57 million (or 128.82%) to RM11.67 million (FYE 31 December 2020: RM5.10 million). The increase was mainly due to the higher administrative expenses of RM11.92 million in FYE 31 December 2021 (FYE 31 December 2020: RM3.95 million) mainly attributable to the recognition of share options expenses for the SIS Options granted to the Group's eligible employees in FYE 31 December 2021 amounting to RM8.44 million and was slightly offset by the following:

- (a) lower selling and distribution expenses of RM0.03 million in FYE 31 December 2021 (FYE 31 December 2020: RM0.12 million) due to lower promotional and marketing activities during the year 2021 as a result of restriction of movement during the MCO imposed by the Malaysian government;
- (b) lower other operating expenses of RM0.15 million in FYE 31 December 2021 (FYE 31 December 2020: RM0.98 million) due to the lower allowance of impairment of trade receivables and the absence of writing-off bad debts in year 2021; and
- (c) negative tax expense of RM0.12 million in FYE 31 December 2021 (FYE 31 December 2020: positive tax expense of RM0.88 million) due to the overprovision of the Group's tax expense of RM0.19 million in respect of prior years

The recognition of share option expenses amounting to RM8.44 million derived from the SIS Options which was calculated based on the fair value of share-based payment at the grant date. The decision to grant the SIS Option was made after considering the need to motivate and encourage the eligible directors and employees of the Group to continue committing and driving the Group to achieve its goals and objective.

(iii) FYE 31 December 2020 vs FYE 31 December 2019

The Group's revenue for the FYE 31 December 2020 decreased by approximately RM0.85 million (or 5.46%) to RM14.72 million (FYE 31 December 2019: RM15.57 million) mainly due to the following:

- (a) lower revenue from storage tanks, LPG vessels and pressure vessels which decreased by RM5.33 million resulting from the delays and deferment of delivery of goods as a result of the MCO; and

- (b) was slightly offset by the increased revenue from metal forming by RM0.19 million and road tankers by RM4.29 million due to the fulfilment of a contract to supply road tankers in Bangladesh.

The Group's LAT for the FYE 31 December 2020 increased by RM5.09 million (50,900%) to RM5.10 million (FYE 31 December 2019: RM0.01 million) mainly due to the following:

- (a) decrease in gross profit to RM0.17 million (FYE 31 December 2019: RM3.20 million) mainly due to the low gross profit margin earned from a contract to supply road tankers in Bangladesh as an entry point to penetrate the overseas market;
- (b) increase in depreciation of property, plant and equipment to RM1.33 million (FYE 31 December 2019: RM0.71 million) as a result of the change in depreciation method from reducing balance basis to straight line basis;
- (c) impairment losses on receivables of RM0.57 million (FYE 31 December 2019: Nil) as a result of the doubtful recoverability of retention sum of a civil engineering project which was completed in FYE 31 December 2019, in view of the foreseeable liquidated damages due to the lock down in year 2020; and
- (d) bad debts written off of RM0.24 million (FYE 31 December 2019: Nil).

5.6 Impact of the Proposed Private Placement and value creation of the Group and its shareholders

The Proposed Private Placement will enable the Group to raise funds to be used for the purposes as stated in **Section 2.5** of this Circular without incurring interest costs associated with bank borrowings or issuance of debt instruments for the Group's moneylending business and allow the Group to save on interest expenses by partially repaying part of the bank borrowings. The Board is of the view that the equity fund raising is the most appropriate avenue for fund raising at this juncture to avoid the Group's reliance on conventional bank borrowings.

Despite the dilutive effects on the Group's EPS and the Company's shareholders' shareholdings, the Proposed Private Placement is expected to have a positive impact on the Group's earnings including the shareholders' value as the Group is expected to generate higher revenue from the gross interest earned as a result of the increase in capacity of the loans to be lent out.

5.7 Adequacy of the Proposed Private Placement in addressing the Group's financial concern

As at the LPD, the Group has approximately RM12.33 million in cash and bank balances. The issuance of Placement Shares to Third Party Investor(s) will allow the Group to raise additional funds for its moneylending business and repayment of bank borrowings while conserving its cash flow for its existing businesses of manufacturing of steel-based products including structural steel, LPG vessels, tanks, road tankers and pressure vessels, as well as the provision of metal forming services.

Although the Proposed Private Placement will result in a dilution to the existing shareholders' shareholding as a result of the issuance of new Shares to the third party investors, the Proposed Private Placement serves as an expeditious means of raising funds from the capital market as opposed to other forms of fundraising such as rights issue of which there is no certainty that the Company is able to meet the fundraising objectives as the level of funds to be raised will depend on the subscription rate by the entitled shareholders and /or their renounce(s), unless underwriting arrangement is procured. Should the Company procure the underwriting arrangement with the underwriter(s), the Company may also incur additional costs in the form of underwriting fees. As such, at this juncture, the Board is of the view that the Proposed Private Placement represents a comparatively efficient avenue to raise the required quantum of funds as compared to pro rata larger scale of equity fund raising exercises such as rights issue.

Approval by the Company's shareholders for the Group to undertake the Proposed Private Placement will allow the Group to expand its moneylending business while ensuring its manufacturing segment has adequate cash flow to meet its monthly operation expenses. Therefore, the Board is of the view that the Proposed Private Placement is adequate at this juncture to address its funding needs for the purposes as set out in **Section 2.5** of this Circular.

6. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

6.1 Share capital

The proforma effects of the Proposed Private Placement on the share capital of the Company are as follows:

	No. of Shares	RM
As at the LPD	186,919,910	63,943,343
To be issued pursuant to the Proposed Private Placement	74,768,000	16,448,960 ⁽¹⁾
Enlarged share capital	261,687,910	80,392,303

Note:

(1) Based on the indicative issue price of RM0.22 per Placement Share.

6.2 NA and gearing

The proforma effects of the Proposed Private Placement on the NA and gearing of the Group are as follows:

	(Audited) As at 31 December 2021 (RM)	(I) Subsequent events up to the LPD ⁽¹⁾⁽²⁾ (RM)	(II) After the Proposed Private Placement (RM)
Share capital	60,765,343	63,943,343	80,392,303 ⁽³⁾
Share option reserve	8,440,000	162,000	162,000
Accumulated losses	(14,723,877)	(6,445,877)	(6,673,877) ⁽⁴⁾
Shareholders' funds/ NA	54,481,466	57,659,466	73,880,426
No. of Shares	178,719,910	186,919,910	261,687,910
NA per Share (sen)	30.48	30.85	28.23
Total borrowings*	6,826,449	6,826,449	3,605,449 ⁽⁵⁾
Gearing (times)	0.13	0.12	0.05

Notes:

* Including lease liabilities and bank borrowings.

- (1) After accounting the exercised of 5,600,000 share issuance scheme options granted on 16 August 2021 and expiring on 14 June 2026 into 5,600,000 Shares at the exercise price of RM0.405 each ("SIS Options B") and after exercised of 2,600,000 SIS Options into 2,600,000 Shares at the exercise price of RM0.35 each.
- (2) After debiting the accumulated losses for the corresponding credit of the share options reserve arising from the granting of SIS Options based on a fair value of RM0.27 per SIS Option. Furthermore, after crediting accumulated losses for the corresponding debit of the share option reserve arising from the exercised of SIS Options B, SIS Option as well as the surrendered of 18,000,000 share issuance scheme options as announced by the Company on 30 August 2022.
- (3) Based on the indicative issue price of RM0.22 per Placement Share.
- (4) After deducting estimated expenses of RM228,000 for the Proposed Private Placement.
- (5) After repayment of bank borrowings of approximately RM3.22 million from the proceeds raised from the Proposed Private Placement.

6.3 Substantial shareholders' shareholdings

The proforma effects of the Proposed Private Placement on the shareholdings of the substantial shareholders of CN Asia based on the Company's Record of Depositors as at the LPD are as follows:

Name	As at LPD				(I) After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Placees (collectively)	-	-	-	-	74,768,000	28.57	-	-

6.4 Earnings and EPS

The Proposed Private Placement is not expected to have any material effect on the EPS for the financial year ending 31 December 2022 as the Proposed Private Placement may be completed over a period of 6 months from the date of approval from Bursa Securities whilst the proceeds to be raised are expected to be used over a period of up to 6 months from the date of listing of the Placement Shares. The issuance of Placement Shares will cause the Group's EPS to be diluted as a result of the increase in the number of Shares. However, the Proposed Private Placement is expected to contribute positively to the future earnings of the Group when the economic and financial benefits from the use of proceeds are realised.

6.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities save for the outstanding SIS Options.

The Proposed Private Placement will not result in any adjustment to the exercise price and the number of the outstanding SIS Options.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted prices of the CN Asia Shares for the past 12 months are as follows:

	Highest (RM)	Lowest (RM)
2021		
November	0.590	0.415
December	0.510	0.435
2022		
January	0.475	0.380
February	0.515	0.355
March	0.530	0.370
April	0.405	0.360
May	0.395	0.320
June	0.360	0.310
July	0.350	0.215
August	0.325	0.205
September	0.300	0.190
October	0.295	0.240

The last transacted market price of the Shares on 7 October 2022 (being the last trading date prior to the Announcement) was RM0.27.

The last transacted market price of the Shares on 31 October 2022 (being the LPD) was RM0.265.

(Source: Bloomberg Finance LP)

8. APPROVALS REQUIRED

The Proposed Private Placement is subject to approvals being obtained from:

- (i) Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities, which was obtained through its letter dated 9 November 2022; and
- (ii) the shareholders of the Company at the EGM to be convened.

The approval of Bursa Securities for the Proposed Private Placement is subject to the following conditions:

	Conditions imposed	Status of compliance
(1)	CN Asia and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;	To be complied
(2)	TA Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;	To be complied
(3)	TA Securities 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 is completed; and	To be complied
(4)	CN Asia is required to do quarterly updates via Bursa LINK (simultaneous with the submission of Quarterly Report) on the following: <ul style="list-style-type: none"> (a) The status on each of the event, project or purpose for which the total proceeds raised from the Proposed Private Placement are utilised for, including but not limited to, the percentages of completion of projects/initiatives; (b) Where relevant, details on where the balance of proceeds raised is being placed (pending utilisation). If it is parked with asset management company/fund manager, to disclose the name of the asset management company/fund manager; and (c) The summary of placement shares issued and allotted as follows: <ul style="list-style-type: none"> (i) Date of price fixing and issuance date of placement shares (each tranche); (ii) Quantity of placement shares issued and allotted; (iii) Issue price and basis in arriving at (each tranche); and (iv) Aggregate number of placement shares issued and allotted as at the end of each quarter. 	To be complied

9. CONDITIONALITY OF THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

The Board confirms that there is no other corporate exercise which the Company has announced but not yet completed prior to the date of this Circular.

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/OR PERSONS CONNECTED

None of the Company's directors, major shareholders, chief executives and/or persons connected with them has any interest, direct and/or indirect, in the Proposed Private Placement as the Placement Shares will not be placed to them, as mentioned in **Section 2.2** of this Circular.

12. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Private Placement, including but not limited to the rationale, use of proceeds and effects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interests of the Company and accordingly recommend you to vote **in favour of the** of the resolution in respect of the Proposed Private Placement to be tabled at the forthcoming EGM.

13. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Board expects the Proposed Private Placement to be completed within 6 months from the date of approval of Bursa Securities.

14. EGM

The EGM, the notice of which is enclosed in this Circular, will be held at Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia on Friday, 9 December 2022 at 9:30 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Private Placement.

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 Proxy Form 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, 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 the 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 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 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, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

15. FURTHER INFORMATION

The Company's shareholders are advised to refer to the **Appendix I** set out in this Circular for additional information.

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

CHANG CHEE CHING
Executive Director

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given and 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 facts and information, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS

TA Securities, as the Principal Adviser and Placement Agent for the Proposed Private Placement, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. CONFLICT OF INTERESTS

TA Securities has confirmed that there is no conflict of interests which exists or is likely to exist in its role as the Principal Adviser and Placement Agent for the Proposed Private Placement.

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither the Company nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company and the Group and the Board confirms that there is no proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of the Group.

5. MATERIAL COMMITMENT

Save as disclosed below, as at the LPD, the Board is not aware of any material commitment incurred or known to be incurred by the Group, which upon becoming enforceable, may have material impact on the financial position of the Group:

	RM
Property, plant and equipment	
Contracted but not provided for	<u>969,151</u>

6. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may have material impact on the financial position of the Group:

	RM
Secured	
Bankers' guarantee issued in favour of third parties	<u>338,660</u>

ADDITIONAL INFORMATION (CONT'D)

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 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of the Company;
- (ii) the Group's audited financial statements for the past 2 FYEs 31 December 2020 and 31 December 2021 and unaudited financial results for the 9M-FPE 30 September 2021 and 9M-FPE 30 September 2022; and
- (iii) the letter of consent and conflict of interest as referred to in **Sections 2 and 3** of this Appendix I.



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 (“EGM”) of CN Asia Corporation Bhd (“CN Asia” or the “Company”) will be held at **Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia** on **Friday, 9 December 2022 at 9.30 a.m.**, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following ordinary resolution:

ORDINARY RESOLUTION 1

PROPOSED PRIVATE PLACEMENT OF UP TO 74,768,000 NEW ORDINARY SHARES OF CN ASIA (“SHARES”) (“PLACEMENT SHARES”), REPRESENTING UP TO APPROXIMATELY 40% OF THE EXISTING NUMBER OF ISSUED SHARES (EXCLUDING ANY TREASURY SHARES) (“PROPOSED PRIVATE PLACEMENT”)

“THAT, approval be and is hereby given to the Board of Directors (“**Board**”) to increase the share capital of the Company by way of private placement of up to 74,768,000 new Shares, representing up to approximately 40% of the existing number of issued Shares (excluding any treasury shares) of the Company to independent third party investor(s) to be identified, at an issue price for each tranche to be determined and fixed by the Board, which shall be determined later after all the relevant approvals have been obtained (if any). In any event, the issue price shall not be at a discount of more than 20% to the 5-day volume weighted average market price of the Shares immediately preceding the price fixing date.

THAT the Placement Shares shall, upon allotment and issuance, rank equally in all respects with the then existing Shares, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions, of which the entitlement date is prior to the date of allotment and issuance of the Placement Shares.

THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 18.2 of the Company’s Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of CN Asia AND THAT the Board is exempted from the obligation to offer such new Shares first to the existing shareholders of CN Asia in respect of the allotment and issuance of new Shares to the independent third party investor(s) to be identified.

AND THAT, the Board be and is hereby authorised to do all such acts and things that are necessary to give full effect to the Proposed Private Placement with full powers to assent to any conditions, modifications, variations and/or amendments deemed necessary or expedient in the interest of the Company and/or as may be required by the relevant authorities and to take all steps and actions they consider necessary or as may be required to give full effect to and complete the Proposed Private Placement.”

By Order of the Board

Mohd Zakie Bin Soad (LS0008268) (SSM PC No. 201908002382)
Company Secretary

Selangor Darul Ehsan
24 November 2022

Notes:

Members entitled to attend

- 1) Only depositors whose name appear in the record of depositors as at 1 December 2022 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) persons 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, or alternatively online via the 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.
- 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 is 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)

ADMINISTRATIVE NOTES FOR THE EXTRAORDINARY GENERAL MEETING (“EGM”)

Day and Date : Friday, 9 December 2022
Time : 9.30 a.m.
Venue : Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia

MEASURES TO MINIMISE RISKS OF CORONAVIRUS DISEASE 2019 (“COVID-19”) INFECTION

In view of the COVID-19 situation, the following steps will be taken for shareholders, proxies and others who will be attending the EGM in order to minimise the risks of spreading the COVID-19 virus:

1. Any person who had recent travel history to overseas during the last 14 days prior to the EGM or has been in contact with a suspected or confirmed COVID-19 patient during the last 14 days prior to the EGM, are strongly advised not to attend the EGM.
2. Any person with a body temperature of above 37.5 degrees Celsius and/or who exhibits flu-like symptoms will not be allowed to attend the EGM. Shareholders/proxies who are feeling unwell are strongly advised not to attend the EGM.
3. All persons must practice proper hygiene including the use of hand sanitizer and must wear a face mask before entering into the meeting venue.
4. To enhance social distancing measures, the seats allocated for shareholders/proxies at the EGM venue will be maintained at a certain distance from one another.
5. In view of the COVID-19 outbreak, physical attendance at the EGM may present a risk to the shareholders. As such, shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy to attend and vote at the EGM on their behalf or submit their proxy forms with predetermined voting instruction for the Chairman of the meeting to represent them.
6. Shareholders are advised to check the Company’s website at <https://www.cnasia.com> and Bursa’s website at www.bursamalaysia.com from time to time for any changes to the administration of the EGM that may be necessitated by changes to the directives, safety and precautionary requirements and NOTESlines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

INDIVIDUAL MEMBERS

1. All Members who intend to attend the EGM in person **ARE REQUIRED TO PRE-REGISTER** with Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (“**Share Registrar**”, “**Tricor**”, or “**TIIH**”) via **TIIH Online** website at <https://tiih.online> no later than **Thursday, 8 December 2022 at 9.30 a.m.** Kindly refer to the Pre-Register procedures below.
2. Alternatively, members who are unable to attend the EGM and who wish to exercise their votes are encouraged to appoint proxy or Chairman of the meeting to attend and vote on your behalf at the EGM by indicating the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

CORPORATE MEMBERS

1. Corporate members who wish to appoint corporate representatives instead of a proxy to attend and vote at the EGM must deposit their original or duly certified certificate of appointment of corporate representative to the Company's Share Registrar no later than **Thursday, 8 December 2022 at 9.30 a.m.**
2. Attorneys appointed by power of attorney are required to deposit their power of attorney to the Company's Share Registrar no later than **Thursday, 8 December 2022 at 9.30 a.m.** to attend and vote at the EGM.
3. **A member who has appointed a proxy/attorney/corporate representative to attend and vote at the EGM must request his/her proxy/attorney/corporate representative to submit their Pre-Register at TIIH Online website at <https://tiih.online>.**
4. If a corporate member (through its corporate representative(s) or appointed proxy(ies)) is unable to attend the EGM, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

PRE-REGISTRATION BEFORE EGM

In order to assist the Company in managing the turnout for the EGM, the Company reserves the right to limit the number of participants to the EGM. Members/proxies/corporate representatives/attorneys who wish to attend in person must pre-register with the Company's Share Registrar by following the requirements and procedures as summarised as below:-

Procedure	Action
BEFORE EGM DAY	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none">• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial NOTES posted on the homepage for assistance.• If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b) Submit your PRE-REGISTER to attend EGM	<ul style="list-style-type: none">• Pre-Registration is open from 10.00 a.m. Thursday, 24 November 2022 up to Thursday, 8 December 2022 at 9.30 a.m..• Login with your user ID and password and select the corporate event: "(REGISTRATION) CN ASIA 2022 EGM".• Read and agree to the Terms & Conditions and confirm the Declaration.• Insert the CDS account number and indicate the number of shares.• Submit to register your physical attendance.• System will send an e-mail to notify that your registration to attend the AGM physically is received and will be verified.• After verification of your registration against the General Meeting Record of Depositors as at 1 December 2022, the system will send you an e-mail after 8 December 2022 to approve or reject your registration for pre-register to attend the EGM.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate up to the day of the EGM of the Company, to minimise any risk to shareholders and others attending the EGM.

REGISTRATION ON THE DAY OF EGM

1. Registration will commence at **9.00 a.m.** and shall remain open until the conclusion of the EGM or such other time as may be determined by Chairman of the meeting. Please read the signage to ascertain the registration area and proceed for registration.
2. Please present your original National Registration Identity Card (NRIC) or Passport (for foreign member) to the registration staff for verification. Please ensure your NRIC or Passport is returned to you after registration.
3. Upon verification and registration:
 - (a) please sign on the attendance list and an identification wristband will be provided at the registration counter;
 - (b) if you are attending the EGM as a member as well as a proxy, you will be registered once and will only be given one identification wristband; and
 - (c) no person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event that you lose/misplace the identification wristband.
 - (d) a polling form will be given to you thereafter. There will be no replacement should you lose or misplace the polling form.
 - (e) you may proceed to the meeting venue thereafter.
4. Registration must be done in person. Please also note that you will not be allowed to register on behalf of another person even with the original NRIC or Passport of that other person.
5. The registration counters will only handle verification of identity, registration and revocation of proxy/proxies. If you have other queries, please proceed to the Help Desk.

NO DOOR GIFTS / REFRESHMENT

No door gift, food or beverage served at the EGM.

PARKING

Subject to availability.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining who shall be entitled to attend the EGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at **1 December 2022** and only a depositor whose name appears on such Record of Depositors shall be eligible to attend the EGM.

PROXY

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead. If you are unable to attend the EGM and wish to appoint proxy or Chairman of the Meeting to attend and vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.
2. You may submit the Form of Proxy electronically via **TIIH Online** website at <https://tiih.online> no later than **Thursday, 8 December 2022 at 9.30 a.m.** Please do read and follow the procedures to submit Form of Proxy electronically below.
3. Otherwise, please ensure that the **Original Form of Proxy** is deposited with the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid. No proof of despatch of Form of Proxy will be entertained.
4. The Form of Proxy is not required if the member decided to attending the meeting.

5. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the Registration Counter to revoke the appointment of your proxy/proxies.

ELECTRONIC LODGMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s TIIH Online website are summarised below:

Procedure	Action
<u>i. Steps for Individual Shareholders</u>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> ▪ Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Please do refer to the tutorial NOTES posted on the homepage for assistance. ▪ Registration as a user will be approved within one (1) working day and you will be notified via e-mail. ▪ If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> ▪ After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. ▪ Select the corporate event: “CN ASIA 2022 EGM - SUBMISSION OF PROXY FORM”. ▪ Read and agree to the Terms and Conditions and confirm the Declaration. ▪ Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. ▪ Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. ▪ Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. ▪ Review and confirm your proxy(s) appointment. ▪ Print the form of proxy for your record.
<u>ii. Steps for Corporate or Institutional shareholders</u>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> ▪ Access TIIH Online at https://tiih.online. ▪ Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects “Create Account by Representative of Corporate Holder”. ▪ Complete the registration form and upload the required documents. ▪ Registration will be verified, and you will be notified by email within one (1) to two (2) working days. ▪ Proceed to activate your account with the temporary password given in the email and reset your own password.
	Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> ▪ Login to TIIH Online at https://tiih.online ▪ Select the corporate event: CN ASIA 2022 EGM - SUBMISSION OF PROXY FORM”. ▪ Read and agree to the Terms & Conditions and confirm the Declaration. ▪ Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. ▪ Prepare the file for the appointment of proxies by inserting the required data. ▪ Proceed to upload the duly completed proxy appointment file. ▪ Select “Submit” to complete your submission. ▪ Print the confirmation report of your submission for your record.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the EGM proceedings is allowed without prior written permission of the Company.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

Tricor Investor & Issuing House Services Sdn Bhd		
Telephone Number	General Line	603-2783 9299
Contact Person	Mr Jake Too	603-2783 9285 Chee.onn.too@my.tricorglobal.com
	En Aiman Nuri	603-2783 9262 Muhamad.Aiman@my.tricorglobal.com
Fax Number	603-2783 9222	
Email	is.enquiry@my.tricorglobal.com	



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. _____ or _____

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 **Office Building, Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia** on **Friday, 9 December 2022** at **9.30 a.m.** or at any adjournment thereof, in respect of *my/our shareholding in the manner indicated above:

Ordinary Resolution	FOR	AGAINST
Proposed Private Placement		

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

Dated this.....day of.....2022

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

- 1) Only depositors whose name appear in the record of depositors as at 1 December 2022 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) persons 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, TIH Online at <https://tiah.online>. Please refer to the Administrative Notes for further information on submission via TIH 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.*
- 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.*

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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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