

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RATIFICATION OF THE DIVERSIFICATION OF THE BUSINESS OF CN ASIA
CORPORATION BHD (“CN ASIA” OR THE “COMPANY”) AND ITS SUBSIDIARIES TO
INCLUDE MONEYLENDING BUSINESS (“PROPOSED RATIFICATION”)**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting (“**EGM**”) of CN Asia and the Proxy Form are set out in this Circular. The EGM will be held virtually through live streaming and online remote voting via the online meeting platform at Tricor Investor & Issuing House Services Sdn Bhd’s (“**Tricor**”) TIIH Online website at <https://tjih.online> from the Broadcast Venue as follows:

- | | |
|---|--|
| Broadcast Venue | : Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia |
| Last date and time for lodging the Proxy Form | : Thursday, 23 June 2022 at 11.30 a.m. |
| Date and time of the EGM | : Friday, 24 June 2022 at 11.30 a.m. or immediately after the 26 th annual general meeting of our Company (which will be held at the same Broadcast Venue on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof |

Please follow the procedures provided in the Administrative Notes (as enclosed herein) in order to register, participate and vote remotely. 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 our share registrar, Tricor, 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 our share registrars’ website, TIIH Online at <https://tjih.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 3 June 2022

DEFINITIONS

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

“3M-FPE”	:	3-month financial period ended 31 March
“Acquisition of SCSB”	:	Acquisition of 100 ordinary shares in SCSB, representing 100% of the issued share capital of SCSB, by our Company from Mr. Ing Chu Yeong for a total cash consideration of RM160,000, which was completed on 15 June 2021
“Act”	:	Companies Act 2016
“BNM”	:	Bank Negara Malaysia
“Board”	:	Board of Directors of our Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Chang”	:	Mr. Chang Chee Ching
“Circular”	:	This circular to shareholders dated 3 June 2022 in relation to the Proposed Ratification
“CN Asia” or “Company”	:	CN Asia Corporation Bhd
“CN Asia Group” or “Group”	:	Our Company and our subsidiaries, collectively
“CN Asia Shares” or “Shares”	:	Ordinary shares in our Company
“COVID-19”	:	Coronavirus disease 2019
“Director”	:	A natural person who holds a directorship in our 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
“Diversification”	:	Diversification of the business of our Group to include moneylending business
“EGM”	:	Extraordinary general meeting of our Company
“EPS”	:	Earnings per Share
“FYE”	:	Financial year ended/ending 31 December
“LAT”	:	Loss after taxation attributable to the owners of our Company
“LBT”	:	Loss before taxation
“Licence”	:	Moneylender’s licence bearing the licence number WL7664/10/01-1/031222 issued by the Ministry under the Moneylenders Act
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	20 May 2022, being the latest practicable date prior to the printing of this Circular
“LPG”	:	Liquefied petroleum gas

DEFINITIONS (CONT'D)

“LPS”	:	Loss per Share attributable to owners of our Company
“MCO”	:	Movement control order
“Ministry”	:	Ministry of Housing and Local Government
“Moneylenders Act”	:	Moneylenders Act 1951
“NA”	:	Net assets attributable to the owners of our Company
“OPR”	:	Overnight policy rate
“PAT”	:	Profit after taxation attributable to the owners of our Company
“PBT”	:	Profit before taxation
“Private Placement 2019”	:	Private placement of 4,538,200 new Shares, representing approximately 10% of the total number of issued Shares, which was completed on 9 May 2019
“Private Placement 2021-1”	:	Private placement of 5,491,200 new Shares, representing approximately 10% of the total number of issued Shares, which was completed on 5 May 2021
“Private Placement 2021-2”	:	Private placement of 15,000,000 new Shares, representing approximately 10% of the total number of issued Shares, which was completed on 22 October 2021
“Private Placement 2021-3”	:	Private placement of 12,710,000 new Shares, representing approximately 7.66% of the total number of issued Shares, which was completed on 31 December 2021
“Proposed Ratification”	:	Proposed ratification of the Diversification
“Registrar”	:	Registrar of Moneylenders
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SCSB”	:	Southborn Capital Sdn Bhd, our wholly-owned subsidiary
“SCSB Shares”	:	Ordinary shares in SCSB
“SIS Options”	:	26,800,000 options granted pursuant to our Company’s employees’ share issuance scheme of up to 15% of the total number of issued CN Asia Shares which was implemented on 15 June 2021
“SMEs”	:	Small- and medium-sized enterprises
“TA Securities”	:	TA Securities Holdings Berhad
“Warrants”	:	30,201,970 outstanding warrants in CN Asia (as constituted by the deed poll dated 12 May 2021 and which will expire on 7 June 2024)
“YM Tengku Shamsulbhari”	:	YM Tengku Shamsulbhari Bin Tengku Azman Shah

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

DEFINITIONS (CONT'D)

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 amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by our Company, such as in the quarterly results or annual reports of our Company (as the case may be), is due to rounding.

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY SETS OUT SALIENT INFORMATION ON THE PROPOSED RATIFICATION. PLEASE READ THE ENTIRE CIRCULAR AND ITS APPENDICES CAREFULLY FOR FURTHER DETAILS ON THE PROPOSED RATIFICATION BEFORE VOTING.

Our Board recommends that you vote **in favour** of the resolution in relation to the Proposed Ratification to be tabled at the forthcoming EGM.

Purpose	: To ratify the diversification of the business of our Group to include moneylending business.
Rationale	: <ul style="list-style-type: none">• To provide additional revenue stream to our Group.• Will be part of our Group's business plan to improve our financial performance.• To increase our Company's shareholders' value.• To reduce over-reliance on our existing business in the manufacturing segment.
Risk factors	: <ul style="list-style-type: none">• Credit risk arising from the unsecured lending as well as borrowers' default in payment.• Fraud risk due to forged application or any false or fraudulent information furnished by applicants which may allow borrowers or fraudsters to exploit cash, products and services provided by our Group.• Competition from existing players especially those large-scale licensed moneylenders; licensed financial institutions and future players as the moneylending industry has low barrier of entry.• Failure to comply with Moneylenders Act may lead to imposition of fine, potential revocation or suspension of the Licence.• Any amendments or changes to the Moneylenders Act as well as the regulatory framework of the Ministry could materially affect the financial and prospects of our Group.• Economic risk such as an economic downturn, unfavourable monetary and fiscal policy changes which give rise to a fluctuation in interest or profit rates, and inflation could also affect moneylending business in Malaysia.• Dependency on key management personnel. <p>The occurrence of the any of the risks above may affect our Group's financial performance.</p> <p>Refer to Section 5 of this Circular for further details on the risk factors of the Diversification.</p>
Effects	: <ul style="list-style-type: none">• The Diversification will not have any effect on our Group's issued share capital and substantial shareholdings.• The Diversification is expected to have a positive effect on our Group's NA and earnings of our Group. The Diversification is not expected to have any material effect on our Group's gearing unless our Group incurs debt to finance the working capital of the moneylending business.• The Diversification contributed positively to our Group's earnings for the FYE 2021. The Diversification is expected to continue to contribute positively to our Group's future earnings and our Company's EPS. <p>Refer to Section 6 of this Circular for further details on the effects of the Diversification.</p>



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

3 June 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: Our shareholders

Dear Sir / Madam,

PROPOSED RATIFICATION

1. INTRODUCTION

On 26 April 2022, TA Securities had announced on behalf of our Board that our Company proposes to undertake the Proposed Ratification.

Further details of the Proposed Ratification are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED RATIFICATION, TO SET OUT OUR BOARD'S RECOMMENDATION AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RATIFICATION 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 APPENDICES CONTAINED HEREIN CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RATIFICATION TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED RATIFICATION

2.1 Background

Up to the FYE 2020, our Group's core business was contributed solely by our manufacturing segment which is involved in the manufacturing of tanks and related products as well as engineering and fabrication works. In view of the challenging and competitive business conditions of our Group's manufacturing segment due to the increasing steel pricing and logistic costs which have affected the profit margins of the manufacturing segment, our Group is constantly looking for new business opportunities to diversify our income streams in order to reduce over-reliance on one single industry.

On 15 April 2021, our Company entered into a share sale agreement to acquire 100 SCSB Shares, representing 100% of the issued share capital of SCSB, from Mr. Ing Chu Yeong ("Vendor") for a total cash consideration of RM160,000 ("**Purchase Consideration**"). The Acquisition of SCSB was completed on 15 June 2021 and SCSB became our wholly-owned subsidiary. Further details of the Acquisition of SCSB are disclosed in **Section 2.1.1** below.

2.1.1 Acquisition of SCSB

Information on SCSB

SCSB is a private limited company incorporated in Malaysia on 7 October 2020 under the Act. SCSB is engaged in the business of providing moneylending services and holds a moneylender's licence bearing the licence number WL7664/10/01-1/031222 issued by the Ministry under the Moneylenders Act.

The details of the Licence are as follows:

Licence number	:	WL7664/10/01-1/031222
Validity of the Licence	:	From 4 December 2020 until 3 December 2022
Licence holder	:	SCSB
Description of the Licence	:	The Licence allows SCSB to carry on moneylending business (save for pawnbroker business) under the Moneylenders Act.
Business address	:	Lot 7907, Batu 11, Jalan Balakong, 43000 Sri Kembangan, Selangor.
Special conditions	:	<ol style="list-style-type: none">1. Semua transaksi memberi pinjaman wang hendaklah dijalankan atas nama SCSB dan di alamat perniagaan di atas. <i>(All moneylending transactions must be carried out in the name of SCSB and at the business address as mentioned above.)</i>2. Lesen tidak boleh dipindahmilik atau membenarkan atau menyebabkan orang lain menggunakan hak lesennya tanpa mendapat kelulusan Pendaftar. <i>(The Licence cannot be transferred or allow or cause any other person to use the licence without the approval of the Registrar.)</i>3. Lesen ini tidak boleh digunakan untuk perniagaan Pajak Gadai. <i>(The licence cannot be used for pawnbroker business.)</i>

The existing Licence is valid for 2 years which allows SCSB to undertake any business relating to moneylending activities (save for pawnbroker business) until 3 December 2022. Pursuant to Sections 5E(1) and 5E(3) of the Moneylenders Act, an application for renewal of the Licence shall be made by SCSB at least 60 days before the date of expiry of the Licence, failing which SCSB will not be entitled to make a new application for Licence within 2 years from the date of expiry of the Licence. In the event that the Licence is not renewed or is revoked or suspended by the Ministry, our Group's moneylending business will be disrupted and our financial performance will be affected. As at the LPD, SCSB has not applied for renewal of the Licence but intends to submit an application for renewal of the Licence by end of August 2022. Meanwhile, SCSB will ensure that it complies with all the conditions imposed by the Ministry to enable SCSB to renew its Licence in the future without any interruption to the operation of our moneylending business.

After the completion of the Acquisition of SCSB, SCSB allotted and issued 1,999,900 new SCSB Shares to our Company at a total issue price of RM1,999,900 on 19 July 2021.

As at the LPD:

- (i) the issued share capital of SCSB is RM2,000,000 comprising 2,000,000 SCSB Shares. SCSB does not have any convertible securities;
- (ii) SCSB is our wholly-owned subsidiary. SCSB does not have any subsidiary or associate company;
- (iii) the Directors of SCSB are Chang (Malaysian) and YM Tengku Shamsulbhari (Malaysian); and
- (iv) SCSB has only one office at the business address as stated above.

Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a "willing-buyer and willing-seller" basis after taking into consideration the Vendor's cost and time incurred for obtaining the Licence, potential earnings with the minimum initial paid up capital of RM2,000,000 to commence the moneylending business with an estimated profit margin of 8% per annum which translates to a profit of RM160,000, our Company's strategic rationale for the Acquisition of SCSB which was to expand the revenue stream and earnings base of our Group through the moneylending business. Our Board is of the opinion that the Purchase Consideration is reasonable after considering the following factors:

- (i) the Acquisition of SCSB provides a more time-saving and cost-effective way to obtain the moneylending licence, as compared to CN Asia applying for a new moneylending licence on our own;
- (ii) an opportunity for our Group to venture into the moneylending business through SCSB which holds a valid moneylending licence to diversify our income stream and strengthen our earnings in a short period of time; and
- (iii) the demand of financing and funding from SMEs that are underserved by licensed financial institutions and co-operatives.

Source of funding

The Purchase Consideration was funded by our Company's internally-generated funds.

Approval/ consent required

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable to the Acquisition of SCSB is below 5%, calculated based on the Purchase Consideration over the NA based on our audited financial statements for the FYE 2020. Therefore, the Acquisition of SCSB does not require any approval from our shareholders.

Interest of Directors, major shareholders and/or persons connected with them

None of the Directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Acquisition of SCSB.

Our Group commenced the moneylending business through SCSB on 19 July 2021 to provide financing schemes that cater to a wide range of customers, ranging from start-up entrepreneurs to SMEs. In order not to restrict the potential market of the moneylending business, our Board aims to extend the moneylending business to any segments which are underserved by licensed financial institutions and co-operatives. As a new entrant into moneylending business, our Board believes that our Group is able to grow our moneylending business after considering the demand for financing from non-bank financial service providers for various reasons such as personal financing, business start-up and expansion, project financing and others.

On 22 October 2021 and 31 December 2021, our Company completed 2 private placements which raised total gross proceeds of RM6.17 million and RM5.36 million, respectively, mainly to fund our Group's moneylending business. Pursuant to Section 17A of the Moneylenders Act, a money lender may levy interest charges not exceeding 12% and 18% (per annum) for secured and unsecured loans respectively. Nevertheless, our Group has levied interest charges at the rates of 4% to 8% per annum at this juncture which would allow our Group to provide more attractive financing schemes to secure potential customers for our moneylending business.

The business segment results of our Group based on the audited financial results for FYE 2021 is summarised as follows:

FYE 2021	Manufacturing RM'000	Financial services (moneylending business) RM'000	Investment holdings RM'000	Inter- company elimination RM'000	Total RM'000
Revenue	11,478	178	361	(361)	11,656
(LBT) / PBT	(1,719)	100	(10,472)	301	(11,790)
(LAT) / PAT	(1,531)	72	(10,512)	301	(11,670)

During FYE 2021, the revenue generated by our manufacturing segment decreased by approximately RM3.24 million as compared to FYE 2020 (FYE 2020: RM14.72 million) mainly due to the drop in exports of road tankers coupled with disruptions from the on-going stringent COVID-19 standard operating procedures implemented by the Malaysian government. Our Group suffered unexpected delays in overall production and delivery progress due to the disruption in supply chains during the re-implementation of the MCO imposed by the Malaysian government in May 2021 as a result of the resurgence in COVID-19 cases in Malaysia. Further, our Group reported LBT of RM11.79 million mainly attributable to recognition of share options expenses amounting to RM8.44 million derived from the share options granted to eligible employees in FYE 2021 under our Company's share issuance scheme.

Pursuant to Paragraph 10.13 of the Listing Requirements, a listed issuer must obtain its shareholder approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either:

- (i) the diversion of 25% or more of the NA to an operation which differs widely from those operations previously carried on by the listed issuer; or
- (ii) the contribution from such an operation of 25% or more of the PAT of the listed issuer.

Our Board had initially expected a gradual growth for our Group's moneylending business since its commencement on 19 July 2021 where SCSB's initial revenue contribution was insignificant towards our Group's revenue. However, with the economic recovery and overall business growth in Malaysia towards the second half of year 2021, the demand for the financing schemes offered by SCSB from our customers in a variety of businesses which required immediate funding for their business growth and expansion had exceeded our Group's initial projections whereby approximately RM16.13 million were disbursed to our customers in the second half of FYE 2021 or 29.61% of our Group's NA was used for our Group's moneylending business during the FYE 2021. Although our manufacturing segment recorded RM11.48 million of revenue for the FYE 2021, the financial performance of our manufacturing segment remained sluggish and loss-making as a result of the drop in exports of road tankers as well as the disruption and delay in the overall production and delivery progress during the re-implementation of the MCO, notwithstanding the recovery of the economy in the third quarter of year 2021. In view of the insignificant revenue contribution of our moneylending business as well as our management focusing on potential business opportunity to improve our financial performance, we had overlooked the significance of the diversion of our Group's NA for our moneylending business. Further, our Group's moneylending segment also contributed a net profit of RM0.07 million as compared to our Group's manufacturing segment which incurred a loss after tax of RM1.53 million for the FYE 2021.

In view of the diversion of more than 25% of our Group's NA to the moneylending business coupled with the profit contribution of the moneylending segment as compared to the loss-making position of our Group's existing manufacturing segment during FYE 2021 of which the prior approval of our shareholders was not obtained earlier in accordance with Paragraph 10.13 of the Listing Requirements, our Company wishes to seek our shareholders' approval for the Proposed Ratification pursuant to the requirements as set out in Paragraph 10.13 of the Listing Requirements. Notwithstanding the Diversification, our Group remains committed to our existing businesses in manufacturing of tanks and related products as well as engineering and fabrication works.

As at 31 March 2022, our Group has provided a total loan amount of RM20 million (consisting of RM8 million secured loan and RM12 million unsecured loan) to 6 corporations which are involved in a variety of businesses (i.e. manufacturing, logistics, property development and construction). In view of the sizeable loan size, our Board is confident that our Group has the capacity, capabilities, experience and network in the financial services industry to continue the moneylending business. We will continue to leverage on the capabilities, resources and networking of our Executive Director, namely YM Tengku Shamsulbhari, to spearhead and develop the strategic direction of our moneylending business with the support of Chang, our Executive Director and our staff to manage the daily operations of our moneylending business.

2.2 Key management personnel

(i) YM Tengku Shamsulbhari (aged 64, Malaysian)

He was appointed to our Board as an Executive Director on 8 January 2021. He graduated with a Diploma in Executive Finance from the Institute of Cost and Executive Accountants, London in 1998.

He was a Director of Baiduri Dimensi Sdn Bhd, which is a company specialised in transportation, warehousing and forwarding services, from 1994 to 2004. He was appointed as the Independent Non-Executive Chairman of Natural Bio Resources Berhad (currently known as Power Root Berhad) on 2 February 2007 and he resigned from the company on 15 June 2016 to pursue other interests.

As at the LPD, he is the director and shareholder of several private companies engaged in the businesses of manufacturing, logistics management and construction. He is also an Executive Director of APFT Berhad since September 2017.

Furthermore, he is the advisor to the Malay Businessman and Industrialist Association of Malaysia (Selangor). His wide exposure in the business circle and network, management skills, leadership and experience is the major asset which helps to set strategic direction and goals for our Company.

(ii) Chang (aged 67, Malaysian)

He was appointed to our Board as an Executive Director on 5 January 2021. He obtained his professional qualification as a Chartered Accountant in the United Kingdom in 1980 and subsequently became a fellow of the Association of Chartered Certified Accountants.

He started his career with Lim Chooi Tee & Co as a tax manager in 1981 and subsequently took on the role as an audit manager. In 1983, he became a partner in Lim Chooi Tee & Co and the firm changed its name in year 1986 to Lim, Cheh & Chang.

Between 1998 and 2004, he was the Group Managing Director of Bright Packaging Industry Berhad which was involved in the manufacturing of packaging materials with subsidiaries in the print and packaging industry as well as optical fibre, servicing multi-national clientele worldwide.

Between 2004 and 2014, he concentrated on his own businesses as the proprietor of accounting firm, Lim, Cheh & Chang and a Director in PLC & C Sdn Bhd which provides tax and corporate advisory services.

Between 2014 and 2016, he was appointed as an Executive Director of NWP Industries Berhad which was principally engaged in the business of timber moulding and other related business. He was appointed as the Executive Director of SMTrack Berhad in 2016 and he resigned in 2017 to focus on his own business.

He is also a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and the Chartered Tax Institute of Malaysia. He is also a licensed auditor, liquidator and tax agent.

Apart from the various businesses that he managed, Chang has extensive experience in the audits of public listed companies, multinational corporations, SMEs as well as public and private companies. He has also been engaged to carry out investigations, due diligence review, quality assurance reviews of internally prepared management accounts, budgets, forecasts, review of accounting procedures and internal control processes as well as procedures to identify risk areas and internal audit. He is also experienced in advising business start-ups and compliance with the Malaysian government rules and regulations, tax compliance, planning and advisory, corporate advisory, management consulting, corporate restructuring including mergers and acquisitions.

Although both of the abovesaid key management personnel do not have the relevant experiences in the moneylending business, YM Tengku Shamsulbhari has a wide business network and management skills to set the business directions and market the moneylending business of SCSB, while Chang who has wealth of industry knowledge in various industries through his past audit, accounting and due diligence assignments have enabled him to implement relevant controls which can mitigate key risk areas of our moneylending business. Both of them can complement each other in relation to the operations of our moneylending business.

Our Group has no immediate plans to employ additional staff for the moneylending business as the present level of personnel is sufficient to manage SCSB's existing operation and to ensure that the new business venture of our Group into the moneylending business remains cost-efficient and profitable. Depending on the future business expansion of our moneylending business, our Group may hire additional personnel with the relevant industry experience when the need arises to support the day-to-day operation of our Group's moneylending business. The exact number of personnel will be subject to availability of qualified and suitable candidate that may be recruited by our Group.

3. RATIONALE OF THE DIVERSIFICATION

Currently, our Group derives most of our revenue from the manufacturing business. To mitigate our Group's over-reliance on one single industry, our Group is constantly looking for business opportunities to diversify our business by venturing into other revenue-generating businesses. Even though the moneylending business is perceived to have a low barrier of entry and competitive, our Group had ventured into the moneylending business after considering the favourable outlook of the loan market with sustained loan growth as supported by increase in outstanding business loan growth despite the challenging environment arising from the COVID-19 pandemic. Further, our Group can generate profit without any long gestation period in view of the potential profit margins which our Group can make from interest charges not exceeding 12% and 18% (per annum) for secured and unsecured loans respectively as permitted by Section 17A of the Moneylenders Act.

In view of the higher outstanding loans' growth as disclosed in **Section 4.2** of this Circular, our Group believes our moneylending business can facilitate and bridge the financing needs for both SMEs and non-SMEs in Malaysia. Further, with the long processing periods and strict lending requirements of the banks as well as the economic growth of Malaysia, our Board believes that the moneylending business in Malaysia could be a viable business for our Company to venture into as there is demand by both individuals and corporations for financing from non-bank financial service providers (such as licensed moneylenders) for various reasons such as personal financing, business start-up and expansion, project financing and others.

Our Board is of the view that the moneylending business provides an additional revenue stream to our Group and will be part of our Group's business plan to improve our financial performance as well as to increase our shareholders' value. In addition, the Diversification will allow our Group to reduce reliance on our existing business in the manufacturing segment.

4. INDUSTRY OUTLOOK AND PROSPECTS OF OUR GROUP

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy was also on the path of recovery in 2021. However, as local COVID-19 cases began to surge in May 2021, the Malaysian government had to re-introduce strict nationwide containment measures under the first phase of the National Recovery Plan in June 2021. This affected the recovery momentum. Nonetheless, the swift progress of the National COVID-19 Immunisation Programme enabled economic sectors to gradually reopen in the third quarter of the year. Strong exports and continued policy aid for households and businesses also lent support to domestic growth. Overall, the Malaysian economy saw a moderate recovery, with gross domestic product growing by 3.1% in 2021 (2020: -5.6%).

(Source: Annual Report 2021, BNM)

The Malaysian economy grew by 5.0% in the first quarter ("1Q") of 2022 (Fourth quarter ("4Q") 2021: 3.6%). Growth was supported mainly by higher domestic demand as economic activity continued to normalise with the easing of containment measures. The improvement also reflects the recovery in the labour market and continued policy support. In addition, strong external demand, amid the continued upcycle in global technology, provided a further lift to growth. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q 2021: 4.6%).

Key economic sectors expanded in the first quarter of 2022. The services sector grew by 6.5% (4Q 2021: 3.2%). The manufacturing sector grew by 6.6% (4Q 2021: 9.1%). The agriculture sector grew by 0.2% (4Q 2021: 2.8%). The construction sector contracted at a smaller pace of 6.2% (4Q 2021: -12.2%). The mining sector remained in contraction (-1.1%; 4Q 2021: -0.6%), as crude oil and natural gas production was weighed by maintenance-related closures in several facilities.

During the quarter, domestic demand expanded by 4.4% (4Q 2021: 1.9%). Growth was supported by higher consumption and improvement in investment activities amid the normalisation of economic activity. Private consumption grew at a faster pace of 5.5% (4Q 2021: 3.7%), supported by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. Public consumption grew by 6.7% (4Q 2021: 1.6%). The expansion was driven mainly by higher growth in supplies and services amid continued support from COVID-19 related expenditure, including vaccine procurement and logistics spending.

The Malaysian economy is expected to improve further in 2022, underpinned by stronger domestic demand, continued expansion in external demand and improving labour market. Going forward, growth would continue to benefit from the easing of restrictions and reopening of international borders. Furthermore, investment activities are also projected to improve, supported by the realisation of multi-year projects. However, the risks to Malaysia's growth prospects remain. These include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, adverse developments surrounding COVID-19 and heightened financial market volatility.

For 2022, in an environment of high input costs and improving demand, headline inflation is projected to average between 2.2% and 3.2%. Underlying inflation, as measured by core inflation, is also expected to trend higher during the year, averaging between 2.0% to 3.0%. Several key factors are expected to partly contain upward pressure on prices, namely the existing price control measures and the continued spare capacity in the economy. Nonetheless, the inflation outlook remains subject to commodity price developments, arising mainly from the military conflict in Ukraine and prolonged supply-related disruptions. The outlook is also contingent on domestic policy measures on administered prices.

(Source: BNM Quarterly Bulletin Vol. 37 No.1, First Quarter 2022, BNM)

4.2 Overview and outlook of the loan market in Malaysia

As at end-1Q 2022, net financing grew by 4.5% on an annual basis (4Q 2021: 4.7%). This slight moderation was mainly due to the lower growth in outstanding corporate bonds (excluding issuances by Cagamas and non-residents) (4.6%; 4Q 2021: 5.4%), while outstanding loans from the banking system and development financial institutions growth was sustained at 4.4% (4Q 2021: 4.4%).

Outstanding business loan growth moderated to 4.3% (4Q 2021: 4.8%), reflecting lower growth (which partly reflected the high base effects in 1Q 2021) in outstanding working capital loans (6.3%; 4Q 2021: 7.4%) amid continued high loan repayment growth. Working capital loan disbursements continued to record strong positive growth during the quarter (21.2%; 4Q 2021: 32.8%; 2017-2019 quarterly average: 4.7%), amid higher loan applications and continued drawdowns on existing credit lines by firms to manage their cash flow. Meanwhile, outstanding investment-related loans registered slightly higher growth (1.6%; 4Q 2021: 1.4%), reflecting growth in the SME segment.

For households, outstanding loan growth increased (4.8%; 4Q 2021: 4.2%), with higher growth recorded across most loan purposes. Growth in loan disbursements remained robust at 12.7% (4Q 2021: 9.5%; 2017-2019 quarterly average: 5.8%) as loan demand among households continued to be forthcoming, particularly for the purchase of residential properties and passenger cars. Loan repayments during the quarter also registered higher growth (3.3%; 4Q 2021: -4.6%), as some borrowers resumed loan repayments amid the gradual lapse in repayment assistance programmes.

After keeping the OPR at 1.75% in its January and March 2022 Monetary Policy Committee ("MPC") meetings, the MPC decided to begin reducing the degree of monetary accommodation by increasing the OPR by 25 basis points to 2.00% at the May 2022 MPC meeting.

(Source: BNM Quarterly Bulletin Vol. 37 No.1, First Quarter 2022, BNM)

4.3 Prospects of our Group

CN Asia is primarily an investment holding company whilst our subsidiary, Chip Ngai Engineering Works Sdn Bhd, 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 our 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.

Our Group currently operates a manufacturing facility in Balakong, Selangor on leased land. Our Group has been actively sourcing suitable land for acquisition to relocate our business operations in the past. In respect of the above, our 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 acquisition will enable our Group to construct our new manufacturing facility on the vacant land to mitigate the risk of operational disruption and sustain its operations for the long run. Notwithstanding the above, our 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, our Group has resorted to renew the tenancy of our current manufacturing facility and focus on actively pursuing potential contracts/orders to enhance its order book.

On 15 June 2021, our Company completed the Acquisition of SCSB which is principally involved in moneylending business. The aforesaid initiative was undertaken to provide our Group with an avenue to generate a new stream of revenue. Our Group's moneylending business is expected to contribute positively to the financial performance of our Group. As set out in **Section 2** of this Circular, our Group intends to extend our financing schemes to business sectors which are underserved by licensed financial institutions. As a new entrant in the moneylending business, our Group will develop our customer base via provision of flexible financing schemes with competitive interest charges to cater for a broader range of customers whom have limited access to banking facilities. In addition, we foresee further growth opportunity for our Group's moneylending business, especially with the potential hike in the OPR in the second half of year 2022.

Premised on the above and after having considered all the relevant aspects including the favourable outlook of the Malaysian loan market industry with sustained loan growth supported by the increase in outstanding business and householding loan growth despite the challenging environment arising from the COVID-19 pandemic, our Board is cautiously optimistic of the future prospects of our Group and is of the view that 2022 will remain a challenging year. In addition, our Board will continue to actively explore various strategic business ventures in order to further enhance and expand our Group's performance.

(Source: Our management)

5. RISKS FACTORS

Our Group will be exposed to new business risks relating to the loan market in Malaysia as follows:

5.1 Credit risk

Our Group will face credit risk which will have a material effect on our Group's financial results arising from the unsecured lending as well as the borrowers' default in making repayments for borrowings granted by SCSB. Such risks could arise from deterioration in credit quality of borrowers or a general deterioration in local or global economic conditions.

In mitigating such risks, our Group will carry out credit assessments to evaluate the creditworthiness of applicants and establish specific criteria for applicants to meet before lending out the fund. Our Group will also restrict the maximum loanable fund to the borrower based on his or her creditworthiness, and put in place mechanisms to monitor collection to minimise default risks. Despite all the necessary precautionary measures implemented by our Group, there is no assurance that our Group will not incur loss attributed to the default risk of the customers.

5.2 Fraud risk

In assessing credit applications, there can be no complete assurance that the information furnished by applicants is true and correct and any application received is a genuine application. Any forged application or any false or fraudulent information furnished by the applicants may allow borrowers or fraudsters to exploit cash, products or services provided by our Group, which may then cause credit losses to our Group.

To mitigate this risk, our Group has put in place a credit assessment and approval process by undertaking verification of information furnished by the applicants, including performing independent checks through established credit reference organisations such as the Credit Tip-Off Service (CTOS) and Jabatan Insolvensi Malaysia for bankruptcy status of individuals or liquidation status of companies.

5.3 Competition risk

Being a new entrant in the moneylending industry, our Group will face competition from, amongst others, existing players especially those large-scale licensed moneylenders and licensed financial institutions.

There is no assurance that our Group will be able to compete successfully against current and future competitors as the moneylending industry has a low barrier of entry or that competitive pressure will not materially and adversely affect the business, operations, results or financial condition of our Group. To remain competitive, our Board intends to develop our Group's customer base gradually by extending its moneylending business to any segments which are underserved by licensed financial institutions and co-operatives.

5.4 Non-renewal or revocation or suspension of the Licence

Our Group relies on the Licence to undertake the moneylending business in Malaysia and the Licence is subject to renewal (for a period of not exceeding 2 years) as it shall be valid for a period of 2 years effective from 4 December 2020 until 3 December 2022.

The following sections in the Moneylenders Act govern the status of the Licence:

- Section 5E(1) - an application for renewal of Licence shall be made by licensee (i.e. SCSB) at least 60 days before the expiry date of the Licence;
- Section 5E(3) - if SCSB fails to renew the Licence before the date of expiry of the Licence, SCSB shall not be entitled to make a new application for Licence within a period of 2 years from the date of expiry of the Licence; and
- Section 9A - the Licence may be revoked or suspended if SCSB commits any of the acts below:
 - (a) if a licensee has been carrying on his business, in the opinion of the Registrar, in a manner detrimental to the interest of the borrower or to any member of the public;
 - (b) if a licensee has contravened any of the provisions of the Moneylenders Act or any regulations or rules made under the Moneylenders Act;
 - (c) if a licensee has been licensed as a result of fraud, mistake or misrepresentation in any material particular; or
 - (d) has failed to comply with any of the conditions of the licence, the Registrar may, subject to Section 9B of the Moneylenders Act, revoke the licence issued to the licensee or suspend the licence for such period as the Registrar thinks fit.

If the Licence is not renewed or is revoked or suspended by the relevant authority, our Group's moneylending business will be disrupted and our financial performance may be adversely affected. In mitigating such risk, our Group endeavours to keep abreast with latest updates to the Moneylenders Act and other relevant regulatory requirements for our moneylending business.

5.5 Regulatory and economic risks

The moneylending industry in Malaysia is tightly regulated by the Ministry pursuant to the Moneylenders Act.

The interests charged on the loans and the marketing advertisement of the licensed moneylenders are governed under the Moneylenders Act. Any breach under the Moneylenders Act will result in fines or potential revocation of licences. Furthermore, any amendments or changes to the Moneylenders Act as well as the regulatory framework of the Ministry could materially affect the financial and prospects of our Group.

Other than that, economic risk such as an economic downturn, unfavourable monetary and fiscal policy changes which give rise to a fluctuation in interest or profit rates, and inflation could also affect moneylending business in Malaysia.

In mitigating such risks, our Group will continue to review the business development strategies in response to the changes in economic and regulatory conditions but there can be no assurance that it will not materially affect the performance of our Group.

5.6 Dependency on key management personnel

Our Group's involvement in the moneylending business segment is highly dependent on the abilities, skills and experience of the key personnel as set out in **Section 2.2** of this Circular. Any loss of the said relevant personnel without suitable and timely replacement, or the inability of our Group to attract and retain other qualified personnel, could adversely affect our Group's moneylending business segment and consequently, our Group's revenue and profitability.

In recognising the importance of having the key personnel, our Group continuously adopts appropriate approaches/measures such as providing competitive remuneration packages (including granting of SIS Options to our eligible directors and employees), as well as training and development programmes to ensure our Group has the ability to retain them and attract qualified and experienced employees. Furthermore, to avoid over dependence on any key personnel, our Group strives to implement a succession plan by grooming junior employees to complement the existing management team. This will in turn help to ensure continuity and competency of the management team.

6. EFFECTS OF THE DIVERSIFICATION

6.1 Issued share capital and substantial shareholders' shareholdings

The Diversification will not have any effect on our issued share capital and our substantial shareholders' shareholdings as it does not involve any issuance of new Shares.

6.2 NA and gearing

The Diversification is expected to have a positive effect on the NA and gearing of our Group for the FYE 2022 arising from the profit contribution from the moneylending business by SCSB. The Diversification is not expected to have any material effect on our Group's gearing for the FYE 2022 unless our Group incurs debt to finance the working capital of the moneylending business, in which event our Group's gearing will increase.

6.3 Earnings and EPS

Despite the loss after tax recorded by our Group for the FYE 2021, the Diversification had contributed positively to our Group's earnings. Our Board believes that the Diversification will continue to contribute positively to our Group's future earnings and our Company's EPS.

6.4 Convertible securities

Save for the 30,201,970 outstanding Warrants and 26,800,000 SIS Options, our Company does not have any other existing convertible securities as at the LPD.

The Diversification is not expected to have any effects to the outstanding numbers or the exercise prices of the Warrants and/or SIS Options.

7. APPROVAL/ CONSENT REQUIRED

The Proposed Ratification is subject to the approval from our shareholders at our Company's forthcoming EGM.

8. CONDITIONALITY OF THE PROPOSED RATIFICATION

The Proposed Ratification is not conditional upon any other corporate proposals undertaken or to be undertaken by our Company.

There are no other corporate exercises which has been announced by our Company but not yet completed before the date of this Circular.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of our Directors, major shareholders and persons connected with them have any interest, whether direct or indirect, in the Proposed Ratification.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Ratification, including the rationale and financial effects of the Proposed Ratification, is of the opinion that the Proposed Ratification is in the best interests of our Company and are fair and reasonable and accordingly recommend you to vote **IN FAVOUR** of the resolution in respect of the Proposed Ratification to be tabled at our Company's forthcoming EGM.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approval from our shareholders being obtained, our Board expects the Proposed Ratification to be completed in the 2nd quarter of year 2022.

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12. EGM

Our EGM, the notice of which is enclosed in this Circular, will be held virtually through live streaming and online remote voting via the online meeting platform at Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at <https://tiih.online> from the Broadcast Venue at Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 24 June 2022 at 11.30 a.m. or immediately after the 26th annual general meeting (which will be held at the same Broadcast Venue on the same day at 10.30 a.m.), whichever is later, 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 Ratification.

If you are unable to attend and vote in person at our 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 our share registrar, Tricor, 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 our 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 our 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 our EGM and voting in person should you subsequently wish to do so.

13. FURTHER INFORMATION

You are advised to refer to the appendices set out in this Circular for further information.

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

DATO' SRI ZULKIFLI BIN ABDULLAH
Chairman and Independent Non-Executive Director

ADDITIONAL INFORMATION

1. Historical financial performance of our Group

The summary of the financial information of our Group for the FYEs 2019 to 2021 is as follows:

	Audited			Unaudited	
	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)	3M-FPE 2021 (RM'000)	3M-FPE 2022 (RM'000)
Revenue	15,566	14,718	11,656	2,785	2,379
Profit / (Loss) before tax	201	(4,227)	(11,790)	(699)	(1,777)
LAT	(12)	(5,103)	(11,670)	(716)	(1,837)
Total borrowings ⁽¹⁾	3,298	4,380	6,826	3,194	9,109
Shareholders' funds / NA	43,231	39,746	54,481	39,029	53,508
Share capital	40,201	42,098	60,765	42,097	60,765
No. of Shares in issue ('000)	49,921	54,913	178,720	54,913	178,720
Weighted average no. of Shares in issue ('000)	48,408	52,417	117,269	53,665	148,221
NA per Share (RM) ⁽²⁾	0.87	0.72	0.30	0.71	0.30
Basic LPS (sen) ⁽³⁾	(0.03)	(9.74)	(9.95)	(1.33)	(1.24)
Diluted LPS (sen)	(0.03)	(9.74)	(6.82)	(1.33)	(1.03)
Gearing ratio (times) ⁽⁴⁾	0.08	0.11	0.13	0.08	0.17

Notes:

- (1) Comprising lease liabilities and bank borrowings.
- (2) Computed based on the NA divided by the number of Shares in issue.
- (3) Computed based on the LAT divided by the weighted average number of Shares in issue.
- (4) Computed based on the total borrowings divided by the shareholders' funds for the respective financial year under review.

Commentaries:**(i) 3M-FPE 2022 vs 3M-FPE 2021**

Our Group's revenue for the 3M-FPE 2022 decreased by approximately RM0.41 million (14.58%) to RM2.38 million (3M-FPE 2021: RM2.79 million) due to the lower revenue generated by the manufacturing segment of RM2.13 million in the 3M-FPE 2022 (3M-FPE 2021: RM2.79 million) representing a decrease of RM0.66 million (23.66%) mainly attributable to the lower revenue recorded during the 3M-FPE 2022 from pressure vessels, LPG vessels and metal forming services and was offset by the revenue contribution from storage tanks and road tankers as well as the financial services segment of RM0.25 million in the 3M-FPE 2022 (3M-FPE 2021: Nil) due to the commencement of our Group's moneylending business in the 2nd half of FYE 2021.

Our Group's LAT for the 3M-FPE 2022 increased by RM1.12 million (156.56%) to RM1.84 million (3M-FPE 2021: RM0.72 million). The increase was mainly due to the following:

- (a) decrease in gross profit to RM0.10 million in 3M-FPE 2022 (3M-FPE 2021: RM0.16 million) mainly due to the drop in gross profit margin as a result of higher raw material costs; and
- (b) higher administrative expenses of RM1.85 million in 3M-FPE 2022 (3M-FPE 2021: RM0.89 million) mainly attributable to the recognition of share option expenses for the SIS Options granted to our Group's eligible employees during the quarter amounting to approximately RM0.9 million.

ADDITIONAL INFORMATION (CONT'D)

(ii) FYE 2021 vs FYE 2020

Our Group's revenue for the FYE 2021 decreased by approximately RM3.06 million (20.80%) to RM11.66 million (FYE 2020: RM14.72 million) mainly due to lower revenue generated by the manufacturing segment of RM11.48 million in FYE 2021 (FYE 2020: RM14.72 million) representing a decrease of RM3.24 million (22.01%). The decrease was mainly due to the drop in exports of road tankers during the FYE 2021 coupled with disruptions from the on-going stringent COVID-19 standard operating procedures implemented by the Malaysian government. Our Group suffered unexpected delays in overall production and delivery progress due to the disruption in supply chains during the reimplementation of the MCO imposed by the Malaysian government in May 2021 as a result of the resurgence in COVID-19 cases in Malaysia.

Our Group's LAT for the FYE 2021 increased by RM6.57 million (128.69%) to RM11.67 million (FYE 2020: RM5.10 million). The increase was mainly due to the higher administrative expenses of RM11.92 million in FYE 2021 (FYE 2020: RM3.95 million) mainly attributable to the recognition of share options expenses for the SIS Options granted to our Group's eligible employees in FYE 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 2021 (FYE 2020: RM0.12 million) due to lower promotional and marketing activities during the FYE 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 2021 (FYE 2020: RM0.98 million) due to the lower allowance of impairment of trade receivables and the absence of writing-off bad debts in FYE 2021; and
- (c) negative tax expense of RM0.12 million in FYE 2021 (FYE 2020: positive tax expense of RM0.88 million) due to the overprovision of our Group's tax expense of RM0.19 million in respect of prior years.

(iii) FYE 2020 vs FYE 2019

Our Group's revenue for the FYE 2020 decreased by approximately RM0.85 million (5.45%) to RM14.72 million (FYE 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 fulfillment of a contract to supply road tankers in Bangladesh.

Our Group's LAT for the FYE 2020 increased by RM5.09 million (42,425%) to RM5.10 million (FYE 2019: RM0.01 million) mainly due to the following:

- (a) decrease in gross profit to RM0.17 million (FYE 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 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 2019: Nil) as a result of the doubtful recoverability of retention sum of a civil engineering project which was completed in FYE 2019, in view of the foreseeable liquidated damages due to the lock down in year 2020; and

ADDITIONAL INFORMATION (CONT'D)

- (d) bad debts written off of RM0.24 million (FYE 2019: Nil).

2. Steps undertaken or to be undertaken by our Group to improve the financial position

Our Group has been facing challenges in the core business 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 segment in the recent years mainly due to the slowdown in the business and lower activities in existing contracts as a result of deferment of clients' scheduled activities owing to the COVID-19 pandemic. Our Group also suffered unexpected delays in the overall production progress due to the lockdowns and subsequent MCOs imposed by the Malaysian government.

Our Group has made efforts to improve its financial performance and strengthen its financial position by undertaking the following plans:

- (i) on 9 May 2019, our Company completed the Private Placement 2019 and raised approximately RM1.82 million. The status of utilisation of proceeds from the Private Placement 2019 as at the LPD are as follows:

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Extended time frame for utilisation
Overhaul of machinery	1,731	(226)	1,505	December 2022
Estimated expenses	84	(84)	-	Completed
Total	1,815	(310)	1,505	

- (ii) on 5 May 2021, our Company completed Private Placement 2021-1 and raised approximately RM7.13 million. The status of utilisation of proceeds from the Private Placement 2021-1 as at the LPD are as follows:

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Extended time frame for utilisation
Purchase of raw material	6,000	(4,244)	1,756	September 2022
Working capital	631	(631)	-	Completed
Estimated expenses	500	(500)	-	Completed
Total	7,131	(5,375)	1,756	

- (iii) on 22 October 2021, our Company completed Private Placement 2021-2 and raised approximately RM6.17 million. The utilisation of proceeds from the Private Placement 2021-2 are as follows:

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Time frame for utilisation
Moneylending business	6,051	(6,051)	-	Completed
Estimated expenses	123	(123)	-	Completed
Total	6,174	(6,174)	-	

- (iv) on 31 December 2021, our Company completed Private Placement 2021-3 and raised approximately RM5.36 million. The utilisation of proceeds from the Private Placement 2021-3 are as follows:

Purpose	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Time frame for utilisation
Moneylending business	5,275	(5,275)	-	Completed
Estimated expenses	87	(87)	-	Completed
Total	5,362	(5,362)	-	

ADDITIONAL INFORMATION (CONT'D)

- (v) on 15 June 2021, our Company completed the Acquisition of SCSB to provide financing schemes that cater to a wide range of customers, ranging from start-up entrepreneurs to SMEs. Our Board remains optimistic that SCSB's moneylending business will provide an additional revenue stream to our Group and improve the financial position of our Group; and
- (vi) on 28 January 2022, our Board announced that our Company together with SCSB had on 28 January 2022 entered into a Settlement Agreement ("**Agreement**") with INIX Technologies Holdings Berhad ("**INIX**") 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 new ordinary shares of INIX ("**INIX Shares**") ("**Settlement Shares**") to our Company at an issue price of RM0.075 per Settlement Share ("**Issue Price**"), representing approximately a 19.44% discount to the 5-day volume weighted average price of INIX Shares calculated up to 27 January 2022, being the last practicable day preceding the date of the Agreement ("**Proposed Debts Settlement**").

On 4 February 2022, our Company further announced that the Settlement Shares are equivalent to up to 17.49% equity interest in INIX upon completion of the Proposed Debts Settlement. Our Company intends to hold the Settlement Shares as a medium- and long-term investment. Our Board is of the view that the Proposed Debts Settlement through issuance of the Settlement Shares provides an opportunity to our Group to have investment in glove manufacturing and trading business via shareholding in INIX.

The Proposed Debts Settlement is subject to approvals being obtained by INIX from Bursa Securities for the listing of and quotation for up to 108,800,000 Settlement Shares on the ACE Market of Bursa Securities which was obtained on 22 April 2022 and INIX's shareholders approval at its forthcoming EGM on 9 June 2022.

In view of the steps undertaken as mentioned above, our Board is of the opinion that our Group's strategies to expand our business activities to include moneylending business are expected to improve the financial position of our Group in the future. Further, our Group will continue to identify and explore various potential business ventures to expand our revenue base in order to minimise over-reliance on our existing business and/or customer base.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Circular has been seen and approved by our 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. MATERIAL COMMITMENT

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

	RM
Property, plant and equipment	
Contracted but not provided for	<u>1,449,579</u>

3. CONTINGENT LIABILITIES

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

	RM
Secured	
Bankers' guarantee issued in favour of third parties	<u>764,753</u>

4. CONSENT AND CONFLICT OF INTERESTS

TA Securities, being the Adviser for the Proposed Ratification 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.

TA Securities has confirmed that it is not aware of any conflict of interest which exists or is likely to exist in this capacity as the Adviser for the Proposed Ratification.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our 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 Monday to Friday (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 our Company;
- (ii) our Group's audited financial statements for FYEs 2019, 2020 and 2021 as well as our Group's latest unaudited interim financial statements for 3M-FPE 2022; and
- (iii) the letter of consent and conflict of interest as referred to in **Section 4 of Appendix II** of this Circular.



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 virtually through live streaming and online remote voting via the online meeting platform at Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) TIIH Online website at <https://tiih.online> from the **Broadcast Venue at Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 24 June 2022 at 11.30 a.m.** or immediately after the 26th annual general meeting of the Company (which will be held at the same Broadcast Venue on the same day at 10.30 a.m.), whichever is later, 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

PROPOSED RATIFICATION OF THE DIVERSIFICATION OF THE BUSINESS OF CN ASIA AND ITS SUBSIDIARIES (“GROUP”) TO INCLUDE MONEYLENDING BUSINESS (“PROPOSED RATIFICATION”)

“**THAT** approval be and is hereby given to the Company to ratify the diversification of the business of the Group to include moneylending business.

AND THAT the Directors of the Company be and are authorised to do all acts, deeds and things and execute, all documents as they may deem fit or expedient in order to carry out, finalise and give effect to the Proposed Ratification with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Ratification.”

By Order of the Board

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

Selangor Darul Ehsan
3 June 2022

Notes:

Members entitled to attend

- 1) *Only depositors whose name appear in the record of depositors as at 16 June 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 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) Members/proxies who wish to participate in the EGM will have to register to attend the meeting remotely by using the Remote Participation and Voting facilities provided by Tricor via its TIIH Online website at <https://tiih.online>, the details of which are set out in the Administrative Notes of the EGM.



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

ADMINISTRATIVE NOTES

EXTRAORDINARY GENERAL MEETING (“EGM” OR “MEETING”) OF CN ASIA CORPORATION BHD (“CN ASIA” OR THE “COMPANY”)

- Date** : **Friday, 24 June 2022**
- Time** : **11.30 a.m. or immediately after the 26th annual general meeting of the Company (“26th AGM”) (which will be held at the same Broadcast Venue on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof**
- Broadcast Venue** : **Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur**
- Online Meeting Platform** : **TIIH Online website at <https://tiih.online> (Domain registration number with MYNIC: D1A282781)**

PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE (“COVID-19”)

- The Company will conduct the EGM on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) TIIH Online website at <https://tiih.online>.
- The broadcast venue of the EGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting.
- We **strongly encourage** you to attend the EGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the EGM.
- Shareholder(s)/proxy(ies)/corporate representative(s) **WILL NOT BE ALLOWED** to attend the EGM in person at the broadcast venue on the day of the Meeting.

RPV FACILITIES

- The RPV facilities are available on Tricor’s **TIIH Online** website at <https://tiih.online>.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the EGM using RPV facilities from Tricor.
- Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” as set out below for the requirements and procedures.

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the EGM using the RPV:

Procedure		Action
BEFORE THE DAY OF THE EGM		
(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” and select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a use will be approved within 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. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request to attend the EGM remotely	<ul style="list-style-type: none"> Registration is open from Friday, 3 June 2022 until the day of the EGM on Friday, 24 June 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate in the EGM using the RPV. Login with your user ID (i.e. e-mail address) and password and select the corporate event: “(REGISTRATION) CN ASIA EGM 2022”. Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 16 June 2022, the system will send you an e-mail after 23 June 2022 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>
ON THE DAY OF THE EGM (24 JUNE 2022)		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the EGM at any time from 10.30 a.m. i.e. 1 hour before the commencement of meeting at 11.30 a.m. on Friday, 24 June 2022 or immediately after the 26th AGM (which will be held at the same venue and on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof.
(d)	Participate through live streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) CN ASIA EGM 2022” to engage in the proceedings of the EGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavour to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible time, after the meeting.

(e)	Online remote voting	<ul style="list-style-type: none"> • Voting session commences from 11.30 a.m. on Friday, 24 June 2022 or immediately after the 26th AGM (which will be held at the same venue and on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof until a time when the Chairman announces the completion of the voting session of the EGM. • Select the corporate event: “(REMOTE VOTING) CN ASIA EGM 2022” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> • Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream Meeting and to vote remotely. Your login to TIIH Online on the day of Meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream Meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

NO LUNCH PACK, DOOR GIFT OR FOOD VOUCHER

There will be **no distribution** of lunch packs, door gifts or food vouchers during the EGM.

GENERAL MEETING RECORD OF DEPOSITORS (“ROD”)

Only a depositor whose name appears on the ROD as at **16 June 2022** shall be entitled to attend, speak and vote at the EGM or appoint proxies to attend and/or vote on his/her behalf.

PROXY

- The EGM will be conducted via virtual meeting, if you are unable to attend the meeting via RPV on 24 June 2022, you may appoint the Chairman of the Meeting as proxy and indicate the voting instructions in the Proxy Form.
- You may also submit the Proxy Form electronically via **TIIH Online** website at <https://tiih.online> no later than **Thursday, 23 June 2022** at **11.30 a.m.** Please do read and follow the procedures to submit the Proxy Form electronically below.
- You may submit your Proxy Form to the Share Registrar, Tricor, please ensure that the **Original Proxy Form** is deposited at Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or, alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof, otherwise the Proxy Form shall not be treated as valid.

POLL VOTING

- The Voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting and Asia Securities Sdn Berhad as Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolution at any time from the commencement of the EGM at 11.30 a.m. or immediately after the 26th AGM, whichever is later, but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” for guidance on how to vote remotely via **TIIH Online**.
- Upon completion of the voting session for the EGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolution is duly passed.

CIRCULAR

The Circular is available at the Company’s website at <https://www.cnasia.com/investor-relations/circular-to-shareholders/> and Bursa Malaysia’s website at www.bursamalaysia.com under Company’s announcements.

ELECTRONIC LODGMENT OF PROXY FORM

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

	Procedure	Action
i. <u>Steps for Individual Shareholders</u>		
(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” and select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of EGM by the Company, login with your username (i.e. email address) and password. • Select the corporate event: “CN ASIA EGM 2022 – SUBMISSION OF PROXY FORM”. • Read and agree to the Terms & 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. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your vote. • Review and confirm your proxy(s) appointment. • Print the Proxy Form for your record.
ii. <u>Steps for Corporation or Institutional Shareholders</u>		
(a)	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 corporation 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 1 to 2 working days. • Proceed to activate your account with the temporary password given in the email and reset your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user first in accordance with the above steps before he/she can</i></p>

		<i>subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate exercise name: “CN ASIA EGM 2022 – SUBMISSION OF PROXY FORM” • Agree to the Terms & Conditions and 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. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: “CN ASIA EGM 2022 – SUBMISSION OF PROXY FORM”. • 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.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS (“BOARD”)

The Board recognises that the EGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the EGM, shareholders may in advance, before the EGM, submit questions to the Board via Tricor’s TIIH Online website at <https://tiih.online>, by selecting “e-Services” to login, post your questions and submit it electronically no later than **Thursday, 23 June 2022 at 10.30 a.m.** The Board will endeavour to address the questions received at the EGM.

RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the EGM is allowed.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9:00 a.m. to 5:30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn Bhd

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : is.enquiry@my.tricorglobal.com

Contact Persons : Ms. Wong Pang Yi : +603-2783 9242 / Email : Pang.Yi.Wong@my.tricorglobal.com

Mr. Jake Too : +603-2783 9285 / Email : Chee.Onn.Too@my.tricorgloabl.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 virtually through live streaming and online remote voting via the online meeting platform at Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiah.online> from the **Broadcast Venue at Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 24 June 2022 at 11.30 a.m.** or immediately after the 26th Annual General Meeting of the Company (which will be held at the same Broadcast Venue on the same day at 10.30 a.m.), whichever is later, or at any adjournment thereof, in respect of *my/our shareholding in the manner indicated above:

Ordinary Resolution	FOR	AGAINST
Proposed Ratification		

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 **16 June 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, 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.

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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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