

ANNOUNCEMENT

SUBJECT: MEMORANDUM OF UNDERSTANDING

SINO HUA-AN INTERNATIONAL BERHAD ("HUA-AN" OR "COMPANY")

MEMORANDUM OF UNDERSTANDING BETWEEN TOP FRUITS SDN. BHD., WAVETREE TECHNOLOGIES SDN. BHD. AND MYBEECOP SDN. BHD.

1. INTRODUCTION

The Board of Directors of Hua-An wishes to announce that its wholly-owned subsidiary, Wavetree Technologies Sdn Bhd ("**WAVETREE**") (formerly known as Fancy Celebrations Sdn Bhd) have on 4 March 2020 entered into a Memorandum of Understanding ("**MOU**") with Top Fruits Sdn Bhd ("**TFSB**") and Mybeecop Sdn Bhd ("**MYBEECOP**") ("**WAVETREE**", "**TFSB**" and "**MYBEECOP**" are collectively known as "**the Parties**") to collaborate and develop the Smart Modelling Farming project via a digitised model for agriculture markets, riding on A.I.-enabled operating models, data analytics and IoT to drive efficiency ("**Collaboration**").

2. INFORMATION ON TFSB

TFSB is a private limited company incorporated in Malaysia on 15 September 2010.

TFSB, through the past 30 year experience on the agricultural paradise business, has special interest and knowledge to develop "Smart Modelling Farming" ("**Project**") and is the proprietor of a body of technical information and intellectual property rights which are important for the Collaboration which is not generally known or easily accessible.

3. INFORMATION ON WAVETREE

WAVETREE is a private limited company incorporated in Malaysia on 9 March 2006.

WAVETREE has an interest in the field of activity related to the Collaboration, and is the proprietor of a body of technical information related thereto. WAVETREE is a leading technology developer and solution provider having specialized knowledge and experience in IOT technologies, data analytics and A.I., and its applications in agriculture and industrial markets.

4. INFORMATION ON MYBEECOP

MYBEECOP is a private limited company incorporated in Malaysia on 23 November 2017.

MYBEECOP is involved in the business of traceability system, management and agronomic services to agriculture market.

5. SALIENT TERMS OF THE MOU

- a) The Parties agree to collaborate in aspects relating to the Collaboration to (i) establish an IoT data and automation-driven smart agriculture plantation; (ii) develop agronomic and operation models for durian plantation; and (iii) develop and implement a fruit traceability system on the plantation.

- b) The Project shall be supervised and lead by TFSB with the Project Management Committee ("PMC") to be comprise of representatives of TFSB, WAVETREE and MYBEECOP.
- c) The MOU shall come into force on the date of the MOU and shall continue for a period of 2 years, unless terminated in accordance with the terms of the MOU.
- d) Each Party shall commit resources to the Collaboration wherein all Parties shall contribute:
 - i) The time and effort required for consistent representation of and participation by the Parties on the Leadership Committee;
 - ii) Careful attention to risk assessment and risk mitigation including maintaining appropriate insurance coverage and ensuring appropriate supervision for staff, and volunteers, and use of facilities and equipment contributed to the collaboration.
 - iii) The resources of their organization required to ensure fulfilment of specific commitments described below:-
 - TFSB will provide land, labour, durian crop and others for the management of the farming.
 - WAVETREE will provide the IOT technology, software platform, data analytic and A.I. technologies for the digitalization of data capturing and the analysis of such data.
 - MYBEECOP will provide the traceability system, planning and operational advisory to the farming.
- e) The Parties shall decide jointly what works are to be prepared under the Project and who shall be responsible for the preparation of such works. For joint works, TFSB, WAVETREE and MYBEECOP will jointly hold the IP and the Parties will grant TFSB the permission to use, publish, copy, circulate, modify, translate any of the Parties' contribution. Any joint works will be published jointly by TFSB, WAVETREE and MYBEECOP and any revision of the work shall be decided jointly.
- f) All decisions on the filing of patents or other IP protection applications in respect of Collaboration IP, and the commercialization of such Collaboration IP shall be made jointly by TFSB, WAVETREE and MYBEECOP. The cost contribution for the IP protection application of the Collaboration IP shall be of the same ratio of sharing.
- g) In the event any party does not wish to proceed with the Collaboration IP protection application, the other party is entitled to proceed solely with its sole IP protection application after a lapse of sixty (60) days from the date of notification of the intention to make the sole IP protection application. In this case, cost contribution of the IP protection application and the ownership of rights of the Collaboration IP shall be fully vested with the applying Party.
- h) Any license granted shall be on terms to be negotiated in good faith between the Parties, or between the Parties and any external Party negotiating for a license for the Collaboration IP, (hereinafter referred to as "Licensee"), and shall provide:-
 - (i) for the Licensee (and its sub-licensees, if any) to exert its best efforts to introduce products utilizing the licensed technology into public use as rapidly as practicable;
 - (ii) for a royalty that is commensurate with market practice.

- i) In the event any Party does not wish to proceed with the Collaboration IP protection application, the other Party is entitled to proceed solely with its sole IP protection application after a lapse of sixty (60) days from the date of notification of the intention to make the sole IP protection application. In this case, cost contribution of the IP protection application and the ownership of rights of the Collaboration IP shall be fully vested with the applying Party.
- j) The MOU may be terminated upon mutual agreement in the event that the project is technically not viable, as reported. Termination shall take effect within sixty (60) days upon the written notice of the termination. Where the MOU is terminated, the Parties shall use their best endeavors to wind up the work carried out in relation to the Project systematically and where applicable to complete such outstanding work during the relevant action periods.

6. RATIONALE

The success of this collaboration will enable Hua-An to participate in creating a digitalised model for the agriculture markets, riding on artificial intelligence-enabled operating models, data analytics and IoT to drive efficiency.

7. FINANCIAL EFFECTS OF THE MOU

The MOU will not have any effect on the share capital and substantial shareholders' shareholdings of Hua-An.

The MOU is not expected to have any material immediate effect on the earnings per share, net assets per share and gearing of Hua-An for the financial year ending 31 December 2020.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors and/or major shareholders of Hua-An and /or persons connected with them have any interest, whether direct or indirect, in the MOU.

9. STATEMENT BY DIRECTORS

The Board, having taken into consideration all aspects of the MOU, is of the opinion that the MOU is in the best interest of the Hua-An.

10. APPROVALS REQUIRED

The MOU is not subject to the approval of the shareholders of Hua-An or any regulatory authority.

11. DOCUMENTS FOR INSPECTION

The MOU is available for inspection at the registered office of Hua-An at Level 7, Menara Milenum, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 4 March 2020.