

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

SHAREHOLDERS' AGREEMENT BETWEEN SHIB, DR. WAN MUHAMAD HASNI BIN WAN SULAIMAN ("DWMH") AND HK AEROSPACE BEIDOU NEW ENERGY INDUSTRY TECHNOLOGY CO LTD ("HK AEROSPACE")

1. INTRODUCTION

On 3 July 2020, SHIB had entered into a subscription agreement dated 3 July 2020 with DWMH, Nong You Hua ("**NYH**"), Satriya Bin Suetoh ("**SBS**") (collectively, "**Vendors**") and HK Aerospace for the proposed subscription of 8,000 ordinary shares ("**HK Aerospace SA**") representing 28.6% of the enlarged issued, fully diluted and paid up share capital of HK Aerospace (after the enlargement of the share capital of HK Aerospace pursuant to the HK Aerospace SA) for a total consideration of USD10.0 million to be satisfied in cash. However, the said HK Aerospace SA was revoked and rescinded by a Deed of Revocation on 7 August 2020.

On 3 July 2020, SHIB had entered into a share purchase agreement dated 3 July 2020 with the Vendors for the purchase of 20,000 ordinary shares representing 100% of the equity interest in HK Aerospace (before the enlargement of the share capital of HK Aerospace pursuant to the HK Aerospace SA) for a total purchase consideration of USD25.0 million ("**HK Aerospace SPA**") to be satisfied in cash. However, the said HK Aerospace SPA was revoked and rescinded by a Deed of Revocation on 7 August 2020.

On 7 August 2020, SHIB had entered into a new share purchase agreement with the Vendors for the purchase of 20,000 ordinary shares representing the entire equity interest in HK Aerospace for a total purchase consideration of USD25.0 million to be satisfied in cash ("**New HK Aerospace SPA**"). However, the New HK Aerospace SPA was revoked and rescinded by a Deed of Revocation on 6 October 2020.

On 6 October 2020, SHIB had entered into a new share purchase agreement with NYH and SBS for the purchase of 10,000 ordinary shares in HK Aerospace, representing 50% of the total issued and paid up share capital in HK Aerospace for a total purchase consideration of USD11.25 million ("**HK Aerospace Acquisition**") to be satisfied in cash. The HK Aerospace Acquisition was completed on 14 October 2020.

Further to the above, the Board of Directors of SHIB ("**Board**") wishes to announce that SHIB had on 25 November 2020 entered into a tripartite shareholders' agreement with DWMH and HK Aerospace to regulate the respective equity participation, rights, obligations and other arrangements of SHIB and DWMH (SHIB and DWMH are collectively referred to as the "**Parties**") in respect of HK Aerospace ("**SHA**").

2. DETAILS OF DWMH and HK Aerospace

2.1 Information on DWMH

DWMH, is a Malaysian aged 56, is a director and shareholder of HK Aerospace who currently owns 50% of equity interest in HK Aerospace.

2.2 Information on HK Aerospace

HK Aerospace is a private limited company incorporated in Hong Kong on 12 May 2017. As at 24 November 2020, being the latest practicable date prior to this announcement, HK Aerospace has an issued share capital of HKD100,000.00 comprising of 100,000 ordinary shares.

HK Aerospace is principally engaged in the following:

- (a) Internet of Things (“**IoT**”) and technical internet research; and
- (b) holding the intellectual property and global marketing rights of a ultra-capacitor technology and manufacturing operations in People’s Republic of China (“**China**”) as well as undertake further research and development in international collaborations related to the ultra-capacitor technology.

HK Aerospace has a complete patent field and patent strategy in ruthenium ultra-capacitor technology, upon which it has established a 8.25 acre manufacturing factory in China’s Guangxi Hi-Tech Industrial Park.

HK Aerospace’s IoT business uses its ultra-capacitor to develop its own proprietary systems and also supplies the ultra-capacitor to a range of industries for energy storage.

As at the date of this announcement, the directors of HK Aerospace are DWMH, NYH and SBS, whereas the shareholders of HK Aerospace are as follow:

<u>Name</u>	<u>No. of Ordinary Shares</u>	<u>% of Issued Share</u>
SHIB	50,000	50%
DWMH	50,000	50%

The subsidiaries of HK Aerospace are as follows:

<u>Name</u>	<u>Date and Place of Incorporation</u>	<u>Principal Activities</u>	<u>Shareholders</u>
<u>Held through HK Aerospace:</u>			
Guangxi Zhongcheng Huatai Investment Ltd (“ GZHI ”)	29.10.2009, China	Investment Holding company for the purposes of holding the operations in China.	(1) HK Aerospace (80%) (2) NYH (10%) (3) Chen Jiuxiong (10%)
Guangxi Aerospace Beidou IOT Technology Co Ltd (“ GABIOT ”)	13.05.2014, Guangxi, China	Involves in IoT and technical internet research.	GZHI (100%)

<u>Name</u>	<u>Date and Place of Incorporation</u>	<u>Principal Activities</u>	<u>Shareholders</u>
<u>Held through GABIOT:</u>			
Guangxi Aerospace Beidou New Energy Industry Technology Co Ltd	14.08.2014, Guangxi, China	Involves in the design and manufacture of ultra-capacitors and super batteries. It also holds the manufacturing facility of HK Aerospace and its subsidiaries in the Guangdong-Guangxi Interprovincial Pilot Cooperation special Zone.	(1) GABIOT (41.8%) (2) ShenZhen Qianhaizhong Henghuaying Petrochemical Co Ltd (43.9%) (3) Xianning Qiandao Fengyue Investment Management Holding (14.3%)

3. SALIENT TERMS OF THE SHA

3.1 Condition Precedent

- a. The SHA is conditional upon the completion of the HK Aerospace Acquisition, with SHIB being registered as shareholder of HK Aerospace holding 50,000 ordinary shares in HK Aerospace ("**Effective Date**"). The terms of the SHA shall be binding on the Parties on the Effective Date.
- b. If the HK Aerospace Acquisition is not completed and/or terminated for whatsoever reason in accordance with the terms and conditions contained in the SHA, then the SHA shall lapse and cease to have any further force or effect and thereafter none of the Parties shall have any further rights against the other(s) in respect of the SHA.

3.2 Equity Participation

DWMH and SHIB (collectively referred to as the "**Shareholders**") agree that the shareholdings of HK Aerospace shall, unless otherwise varied in accordance with the provisions of the SHA, be maintained at all times in the proportions below ("**Equity Participation**"):

Shareholders	Percentage
DWMH	50.0%
SHIB	50.0%
TOTAL	100.00%

3.3 Board of Directors

- a. Upon or immediately after the Effective Date, the composition of the Board of HK Aerospace shall be proportionate to the following percentage ratio, applicable only for the composition of the Board of HK Aerospace:

Nomination of Director by	Number of Directors	Percentage
SHIB	3 directors	60%
DWMH	2 directors	40%
Total	5 Directors	100%

- b. In the event there is an increase to the number of directors, the ratio of nominated directors shall be maintained according to the percentage as stated under paragraph 3.3 (a) above.
- c. In addition to the above, SHIB shall be entitled to appoint the majority of the directors to the Board of HK Aerospace. HK Aerospace shall undertake and cause to ensure that the rights under this paragraph shall be implemented and complied with at all time at HK Aerospace's level.

3.4 Financial Requirements

- a. The financial requirements of HK Aerospace shall be met by way of subscription for shares by the Shareholders and/or by borrowings/banking facility(s) from licensed financial institutions secured by the revenues and assets of HK Aerospace, grants or financial assistances from government, if applicable.
- b. Where borrowings and/or banking facilities are or has been obtained by HK Aerospace, HK Aerospace shall satisfactorily maintain the banking and borrowing facilities obtained without default, in particular the facilities obtained for the purpose of purchase of inventory.

- c. Notwithstanding the foregoing, none of the Shareholders shall be required to provide or procure financial assistance and any security including, but not limited to, guarantees to secure the borrowings of HK Aerospace without prior written approval of such Shareholders in which such approval shall not unreasonably be withheld.
- d. The Shareholders shall be at all times entitled to all rights and privileges as Shareholders of HK Aerospace and the rights to be determined by the Board of HK Aerospace from time to time.

3.5 Default

In the event of a default stipulated in the SHA by any of the shareholder of HK Aerospace ("**Defaulting Shareholder**"), then the other shareholder of HK Aerospace ("**Non-Defaulting Shareholder**") may within six (6) months from the date the event of default first occurred by notice in writing require the Defaulting Shareholder to tender its shares for sale to the Non-Defaulting Shareholder in equal proportion to its shareholdings based on the purchase price pursuant to Clause 18.2.1 of the SHA, and on receipt of such notice the Defaulting Shareholder shall be deemed to have given a Transfer Notice under the provision of Clause 6.1 of the SHA. The terms and conditions on which the shares of HK Aerospace are to be offered and transferred and the method of transfer will be ascertained in accordance with Clause 6.1 of the SHA and the Constitution.

3.6 Duration of the SHA

The SHA shall come into force and effect as from the date of SHIB becomes a shareholder as of the Effective Date and shall continue in full force and effect until the first occurrence of any of the following events:

- (i) The listing and quotation of HK Aerospace; or
- (ii) The termination of the SHA by the consent of all the Shareholders; or
- (iii) HK Aerospace becomes insolvent, or is the subject of proceedings for liquidation or dissolution, or ceases to carry on business or becomes unable to pay its debts as they come due; or
- (iv) A Force Majeure event has occurred and has a material adverse effect on the business, assets or operations of HK Aerospace and continue for a period of six (6) months and the Parties have been unable to find an equitable solution,

provided that any such termination shall be without prejudice to the provisions of Clauses 13 (Confidentiality) and 15 (Exclusivity/Non-Competition) of the SHA.

4. RATIONALE

Pursuant to the completion of the HK Aerospace Acquisition, SHIB will directly hold 50.0% equity interest of HK Aerospace. As such, the execution of the SHA represents the mutual agreement between SHIB and DWMH to cooperate and to carry out the business activities of HK Aerospace in the manner in accordance with the terms and conditions of the SHA. This is expected to facilitate a smooth transition of new entry of shareholder in HK Aerospace and to outline the rights, obligations, responsibilities and governance in respect of the business operations and arrangement moving forward.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the SHA.

6. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the SHA, is of the opinion that the SHA is in the best interest of the Company and the terms and conditions of the SHA are fair and reasonable.

7. APPROVALS REQUIRED

The SHA is not subject to the approval of the shareholders of the Company or any other relevant authorities.

8. DOCUMENTS FOR INSPECTION

The SHA is available for inspection at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours from Monday to Friday (except public holidays) for a period not less than 3 months from the date of this announcement.

This announcement is dated 25 November 2020.