

SINO HUA-AN INTERNATIONAL BERHAD
(“Sino” or “Company” or “Subscriber” or “Purchaser”)

PROPOSED SUBSCRIPTION OF 25,628 NEW ORDINARY SHARES AND ACQUISITION OF 38,442 ORDINARY SHARES IN TOUCHPOINT INTERNATIONAL SDN BHD (“TPI”) REPRESENTING 51% OF THE ENLARGED ISSUED SHARE CAPITAL OF TPI FOR A TOTAL CASH CONSIDERATION OF RM10.0 MILLION (“PROPOSALS”)

1. INTRODUCTION

The Board of Directors of Sino wishes to announce that the Company had on 3 April 2019 entered into the following:

- (i) a Subscription Agreement (“**SA**”) with Ng Chee Seng and Amirrudin Bin Yahaya (collectively referred to as the “**Promoters**” and individually as the “**Promoter**”) and TPI for the proposed subscription of 25,628 new ordinary shares in TPI (“**Subscription Share**”), representing 20.4% of the entire enlarged issued, fully diluted and paid up share capital of TPI at a total cash consideration of RM4.0 million (“**Subscription Price**”) (“**Share Subscription**”);

(The Subscriber, TPI and the Promoters are hereinafter collectively referred to as the “**Parties**” and “**Party**” refers to any one (1) of them, as the context may require)

- (ii) a Share Purchase Agreement (“**SPA**”) with Ng Chee Seng and Amirrudin Bin Yahaya (collectively referred to as the “**Vendors**” and individually as the “**Vendor**”) for the proposed acquisition of 38,442 ordinary shares (“**Sale Shares**”), representing 30.6% of the entire enlarged issued, fully diluted and paid up share capital of TPI (after the enlarged share capital of TPI pursuant to the SA) at a total cash consideration of RM6.0 million (“**Purchase Consideration**”) (“**Share Acquisition**”); and

(The Vendors and the Purchaser are hereinafter collectively referred to as the “**Parties**” and “**Party**” refers to any one (1) of them, as the context may require)

- (iii) Shareholders’ Agreement with Ng Chee Seng and Amirrudin Bin Yahaya and TPI to govern the rights, liabilities and obligations of the shareholders vis-à-vis each other in relation to the management and operation of TPI (“**Shareholders’ Agreement**”).

(Collectively referred to as the “**Agreements**”)

2. DETAILS OF THE PROPOSALS

The Proposals entail the subscription and acquisition of the Subscription Shares and Sale Shares, representing 51% of the enlarged total issued, fully diluted and paid up share capital of TPI for a total purchase consideration of RM10.0 million (“**Total Purchase Consideration**”).

The Proposals are subject to the terms and conditions of the SA and SPA.

The Subscription Shares shall, upon allotment and issuance, free from all encumbrance as defined in the SA, rank pari passu in all respects with the existing issued shares in TPI and with all rights, titles, benefits and advantages now or hereafter attaching thereto, including all bonuses, rights, dividends and distributions that may be declared subsequent to the date of allotment of the Subscription Shares.

The Sale Shares shall be acquired free from all encumbrances as defined in the SPA and together with all rights and advantages attaching thereto including but not limited to all bonuses rights, dividends and distributions that may be declared subsequent to the date of acquisition of the Sale Shares.

Upon completion of the SA and SPA, the issued share capital in TPI will increase from 100,000 to 125,628, whereby Ng Chee Seng and Amirrudin Bin Yahaya will hold 44.1% and 4.9% of the shareholdings in TPI respectively. As such, TPI will become a 51%-owned subsidiary of Sino.

Please refer to Appendix I, Appendix II and Appendix III of this Announcement for the salient terms of the Agreements.

2.1 Information of TPI

TPI is a private limited company incorporated in Malaysia on 11 March 2014. As at 28 February 2019, being the latest practicable date prior to this announcement (“**LPD**”), TPI has an issued share capital of RM100,000 comprising of 100,000 ordinary shares.

Ng Chee Seng and Amirrudin Bin Yahaya are both the existing directors and shareholders of TPI. Their respective shareholdings and Sino’s shareholding before and after the Proposals are as follows:

Name	Before Proposals		After Proposals	
	No. of TPI Shares	% of Issued Share Capital	No. of TPI Shares	% of Issued Share Capital
<u>Directors and Shareholders</u>				
Ng Chee Seng	51,000	51%	55,403	44.1%
Amirrudin Bin Yahaya	49,000	49%	6,155	4.9%
Sino	-	-	64,070	51%
Total	100,000	100%	125,628	100%

TPI is principally involved in the research, development and providing professional services related to Enterprise Mobile Applications and Smart City platform and ecosystem enablement, including conducting businesses in Payment, Loyalty, e-Wallet, Analytics and others services.

2.2 Information of Ng Chee Seng

Ng Chee Seng, 41 years old, is a director and shareholder of TPI who currently owns 51% equity interest in TPI.

2.3 Information of Amirrudin Bin Yahaya

Amirrudin Bin Yahaya, 40 years old, is a director and shareholder of TPI who currently owns 49% equity interest in TPI.

2.4 Mode of Settlement of the Total Purchase Consideration

As set out in Section 2 of this announcement, the Total Purchase Consideration will be fully settled in cash. The mode of settlement of the Total Purchase Consideration was determined after taking into consideration the prevailing cash flow position, gearing and working capital requirements of the Company and its group of companies ("**Group**").

2.5 Basis and Justification for the Total Purchase Consideration

The Total Purchase Consideration was arrived at on a "willing-buyer willing-seller" basis and after taking into consideration of the following:

- (i) the rationale and benefits of the Proposals including the earnings potential and prospects of TPI. The 12-month forward EBITDA multiple is expected to be in the range of 10x – 12x;
- (ii) the favourable outlook and prospect of the enterprise mobile development industry as set out in Section 5 of this announcement.

2.6 Source of Funding

The Total Purchase Consideration will be fully satisfied via cash which is expected to be generated from fund raising exercise by way of issuance of 1.0% equity-linked redeemable convertible notes ("**Notes**") in relevant tranches up to an aggregate principal amount of RM200.0 million.

The Company is in the midst of making the necessary arrangements for the issuance of the abovementioned Notes and accordingly, shareholders' approval on the same will be sought in due course.

2.7 Liabilities to be assumed

There are no other liabilities, contingent liabilities or guarantees to be assumed by Sino pursuant to the SA and SPA, except those incurred in the ordinary course of business.

2.8 Additional Financial Commitment Required

Apart from the Total Purchase Consideration for the Proposals described herein, as the Internet of Things ("**IoT**") business progresses and further develops in the future, more funds may be channelled towards it to fund its business expansion, as and when necessary. Amongst others, several projects proposed to be undertaken include the following:

- (i) to design and implement a wireless tracking system for all kindergarten students in local government schools under a long-term concession arrangement;
- (ii) to further develop and scale up its existing Smart City programme to gain improved commercialisation value;
- (iii) to rollout Smart City programmes into the rest of the country leveraging on Putrajaya as the proven test case;
- (iv) to commercialise its Sales Force Automation enterprise solution as a SaaS model targeting the SME markets in Malaysia and South East Asia;
- (v) to apply for or acquire e-wallet license to enable the growth of mobile promotion business model in its Smart City Platform.

3. RATIONALE AND BENEFIT OF THE PROPOSALS

Since its listing in 2007, the Group has been operating only in China and relying on a single source of business, i.e. that of manufacturing and sale of metallurgical coke and its by-products ("**Existing Primary Business**"). The strategy of sole reliance on a single business source which is highly dependent on the steel industry, has over the years caused the Group to operate in challenging business environment and industry landscape and these had accordingly caused the Group's financial position to be quite volatile. To a large extent, the Group's financials were subjected to the vagaries of the market at large which dictates the dynamics of the commodity prices, in particular that of metallurgical coke and coking coal, both of which prices cannot be controlled by the Group.

Hence, the Proposals will enable the Group to diversify into a new business segment which will provide additional stream of revenue which may in turn improve the Company's shareholders value. The Board believes that the Proposals will potentially contribute positively to the Group's future earnings. In addition, the Proposals may reduce the Group reliance on its Existing Primary Business.

In addition to the above, the Group had all this while been operating only in China and does not have any business presence in Malaysia, despite it being a listed entity in Malaysia. As such, the Board sees the Proposals as a repositioning strategy as also an opportunity to establish its footprint in Malaysia where it is listed, so that our investors/shareholders can have a better appreciation of the Group.

4. RISK FACTORS

The Proposals are subject to terms and conditions of the SA and SPA. There is no assurance that the Proposals will not be exposed to risks such as inability to fulfil the terms and conditions therein.

Following the completion of the SA and SPA, the Group will be subjected to challenges and inherent risks associated with the business and operations of TPI.

5. PROSPECTS OF TPI

Based on an independent market research, the mobile and digital solutions industry in Malaysia to grow from an estimated RM7.9 billion in 2017 to RM8.4 billion in 2019 at a CAGR of 3.1%. Meanwhile, the global IoT market is anticipated to reach USD772.5 billion in 2018 and forecast to increase to USD1.1 trillion in 2021, growing at a CAGR of 12.5% over the period. In Malaysia, the economic potential of IoT is forecast to be RM9.5 billion gross national income ("**GNI**") creation by 2020 and is expected to reach RM42.5 billion in 2025. IoT is dependent on the use of technology and hardware, and thus will create opportunities for analytics, applications and services, computing and storage, communications and networking, as well as hardware, power and protocols.

Premised on the above, the prospects of Sino will be supported by the growth in the digital solutions industry in Malaysia in conjunction with its proposed acquisition of TPI. TPI is in the business of enterprise mobile development whereby it designs, manufacture, engineer and implement enterprise mobile solutions which allow for cost savings in manpower and logistics, and enable automation and predictive analytics. Among some of the key projects TPI are undertaking include the development of smart city technology in Malaysia.

As such, TPI's prospects is expected to be supported by the growing digital solutions industry and the key demand drivers of the industry, which amongst others include (i) increased usage of internet will facilitate the growth in adoption of digital solutions, including IoT; (ii) various Government initiatives will support the growth of the digital solutions industry; (iii) potential growth from the proposed development of smart cities; (iv) growing number of enterprises indicates an increase in demand from new enterprises. Additionally, the proposed initiatives of developing future smart cities, namely in Iskandar Malaysia, Georgetown and Mukah Sarawak will provide further impetus to the businesses in which TPI is in.

Further to the above, in Indonesia, the value of IoT solutions is expected to reach USD30 billion by 2022, of which the value of content and application is expected to reach USD13.1 billion and the value of IoT technology devices is expected to reach USD3.8 billion. At present, the Government of Indonesia is ensuring high-speed Internet access to facilitate the growth in adoption of IoT solutions by constructing the Palapa Ring, a 36,000 kilometer fibre optic project in 440 cities in Indonesia. TPI shows potential to reap the benefits from the favourable prospects for IoT solutions in Indonesia as well.

6. FINANCIAL EFFECTS OF THE PROPOSALS

6.1 Share Capital and Substantial Shareholders' Shareholding

The Proposals will not have any effect on the share capital and substantial shareholders' shareholding in the Company as the Proposals do not involve any issuance of new shares in Sino.

6.2 Earnings and Earnings Per Share ("EPS")

The Proposals are expected to be earnings accretive and will contribute positively to the future earnings and EPS of Sino.

6.3 Net Assets ("NA") and NA per share of the Company and Gearing

Based on the unaudited financial statements of Sino as at 31 December 2017, the pro-forma effects of the Proposals on the consolidated NA per share and net gearing ratio are as follows:

	Unaudited as		
	at 31		
	December	After Share	After Share
	2017	Subscription	Acquisition
	RM'000	RM'000	RM'000
Share Capital	1,115,045	1,115,045	1,115,045
Reserves	(549,730)	(549,730)	(549,730)
Accumulated Loss	(200,613)	(200,496)	(200,496)
Shareholders' Equity / NA	364,702	364,819	364,819
Non-Controlling Interest	-	93	57
Total Equity	364,702	364,726	364,761
No. of Ordinary Shares	1,122,308	1,122,308	1,122,308
NA Per Share	0.32	0.32	0.33
Gearing (times)	0.07	0.07	0.07

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and major shareholders of Sino and/or person connected to them have any interest, direct or indirect, in the Proposals.

8. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposals are expected to complete by end of the year, or at such other extended dates as may be mutually agreed between the parties.

9. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia is approximately 2.74% based on the latest audited consolidated net asset of Sino for the financial year ended 31 December 2017.

10. APPROVAL REQUIRED

The Proposals are not subject to the approval of the shareholders of Sino and/or approval from any regulatory authority.

11. DIRECTORS' STATEMENT

The Board of Directors of Sino, having considered all aspect of the Proposals, is of the opinion that the execution of the Proposals are in the best interests of Sino.

12. DOCUMENT AVAILABLE FOR INSPECTION

The Agreements are available for inspection at the registered office of Sino following the date of this announcement for a period of time three (3) months from Monday to Friday (except public holidays) during normal business hours.

This announcement is dated 3 April 2019.

SALIENT TERMS OF THE SA**1. Conditions Precedent**

- 1.1 Completion of the SA is conditional upon the satisfaction of TPI or waiver granted by the Subscriber, at Subscriber's sole discretion, of the following conditions before the date falling six (6) calendar months after the date of the SA, or such other date as may be mutually agreed by the Subscriber and TPI ("**Long Stop Date**"):
- (a) the Subscriber's satisfaction of the results of such Due Diligence as (as defined in the SA) investigations by the Subscriber on TPI and its advisors, over the business, affairs, operations, assets and liabilities, prospects and records of TPI being reflective of its actual state of affairs;
 - (b) the passing by way of shareholders' and directors' circular resolution of the Subscriber of a resolution to approve the subscription of the Subscription Shares in the agreed terms, or such other consent as is required by the Subscriber's board of directors and the Subscriber shall deliver the certified copy of the said approval to TPI and the Promoters;
 - (c) TPI and Promoters obtaining the approval of the Board and shareholders of TPI for, and TPI shall deliver the certified copy of the said approval to the Subscriber:
 - (i) the allotment and issue of the Subscription Shares to the Subscriber;
 - (ii) the appointment of director or alternative director of TPI nominated by the Subscriber; and
 - (iii) accept the appointment of the authorised signatory of TPI nominated by the Subscriber or director nominated by the Subscriber, for all bank accounts of TPI, with the establishment of the limit of authority, in the form and content acceptable by the Subscriber, if applicable.
 - (d) the Agreements and any other legal document where necessary have been duly executed, witnessed, stamped;
 - (e) the SPA and the Shareholders' Agreement becoming unconditional;
 - (f) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the subscription, allotment and issue of the Subscription Shares pursuant to the terms of the SA having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Subscriber and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect, if applicable;

- (g) all necessary approvals under applicable competition laws having been obtained from the competition authorities in the relevant jurisdictions of TPI without the attachment of any terms, conditions, or remedies (whether in the form of commitments or directions), if applicable;
- (h) where the terms of any material contract contain any restrictions or prohibition on the subscription, allotment and issue of the Subscription Shares pursuant to the terms of the SA or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SA, written confirmation in a form and on terms (if any) reasonably satisfactory to the Subscriber by the counterparties, of the waiver of such restrictions or prohibition in relation to the SA or of any such right to terminate, if applicable;
- (i) the delivery by the Promoters and TPI of the unaudited financial statements of TPI for the financial period ended the month immediately preceding the Unconditional Date in the form satisfactory to the Subscriber including but not limited to the financial statements reflecting that all amounts due to/from related parties, if any, has been settled, received and/or written off by TPI in the manner approved by the Subscriber, if so required and requested in writing by the Subscriber; and

1.2 Responsibility for satisfaction

- (a) TPI and Promoters shall use their best endeavours to ensure the satisfaction of the conditions set out in Paragraph 1.1 (c),(d),(e),(f),(g),(h) and (i) and the Subscriber shall use its reasonable endeavours to ensure the satisfaction of the conditions set out in Paragraph 1.1(a), (b), (d) and (e) before the Long Stop Date.
- (b) Once the Parties are satisfied that all of the Conditions Precedents have been fulfilled or waived on or before the Long Stop Date, as the case may be, all Parties shall execute a confirmatory notice in the form as per Schedule 4 of the SA to such effect no later than two (2) business days from the last Condition Precedent being fulfilled or waived, and the Parties shall work together towards achieving Completion on Completion Date.

1.3 Non-satisfaction or waiver

- (a) The Subscriber may at any time waive in whole or in part and conditionally or unconditionally the conditions set out in Paragraph 1.1 by notice in writing to TPI and the Promoters.
- (b) The Party responsible for the satisfaction of each condition as specified in Paragraph 1.2 shall give notice to the other Party of the satisfaction of the relevant conditions within two (2) Business Days of becoming aware of it.
- (c) If the conditions in Paragraph 1.1 are not satisfied or waived on or before the Long Stop Date, the SA shall terminate and cease to have effect on the Long Stop Date except for:

- (i) provisions referred to in Paragraph 1.5 (Surviving provisions); and
- (ii) any rights, remedies or liabilities of the Parties that have accrued at termination of the SA unless otherwise agreed by the Parties in writing.

1.4 Unconditional Date

The SA shall become unconditional on the date on which the last of the conditions set out in Paragraph 1.1 is obtained or fulfilled or waived, in accordance with the provisions of the SA and the date specified in the confirmatory notice pursuant to Paragraph 1.2 (b).

1.5 Surviving provisions

The following provisions shall continue to have effect notwithstanding the termination of the SA in accordance with Paragraph 1.3(c) or the termination of the SA in accordance with Paragraph 5 (Right of termination):

- (i) Clause 1 (Definitions and interpretation);
- (ii) Clause 7.7 (Indemnity);
- (iii) Clause 8 (Whole agreement);
- (iv) Clauses 9 (Other provisions), with the exception of Clause 9.9 (Further assurances).

2. Actions pending completion

2.1 Company's and Promoters' general obligations

Except as permitted in the SA or where any prior written consent of the Subscriber has been given to TPI and Promoters, TPI and the Promoters hereby jointly and severally undertake to use their best endeavours to ensure that as from the date hereof and pending Completion, TPI shall use its best effort to:

- (a) continue to conduct its present business according to its present practice and in the ordinary course of business and specifically ensure that it does not put the ownership and control of any of its key business contracts at risk, nor change its present business, nor commence any new business;
- (b) not to sell, transfer, lease, let or encumber or dispose of or otherwise howsoever deal or part with possession of any of its assets or undertakings or any part or parts thereof other than in the ordinary course of business;
- (c) not to create or issue or agree to create or issue any share or loan capital or give or agree to give any option or right or interest in respect of any share or loan capital;
- (d) not to hold or convene any meeting which proposes or passes a resolution except to give effect to the SA or for its ordinary course of business;
- (e) not to cause any licence, permit or statutory approval relating to its business to be revoked, withdrawn or suspended unless such

revocation, withdrawal or suspension is to facilitate the issuance of any licence, permit or statutory approval to it;

- (f) to maintain all insurance cover and not do anything which will affect its validity;
- (g) not to change its auditors;
- (h) not to alter its memorandum and articles of association/ constitution, as the case may be, in any respect except in compliance with requirements of law and/or any public authorities and/or as may be necessary to give effect to the terms of the SA;
- (i) not to incur any borrowing or indebtedness except that entered into in the ordinary course of business;
- (j) not to enter into any abnormal or long-term contract or capital commitment. The expression "long-term" shall mean any length of time exceeding 90 days;
- (k) not to pay or declare any dividend or make any other distribution;
- (l) not to enter into any service contracts with its directors or employees nor increase the remuneration paid to its directors and employees;; and
- (m) shall comply in all respects with all applicable laws, rules, regulations and orders to which it is subject.

2.2 Due Diligence access

- (a) Without prejudice to the Warranties and undertakings herein, in order to enable the Due Diligence (as defined in the SA) investigations referred to in Paragraph 1.1(a) to be carried out, the Promoters shall provide and shall procure TPI to provide the Subscriber and its representatives and agents with access and entry to the relevant premises where all the records, books and accounts in respect of the Subscription Shares of TPI are held, subject to the receipt by TPI and the Promoters of the Subscriber's written request for access and entry to the relevant premises at least three (3) Business Days before the access and entry to the relevant premises is carried out.
- (b) TPI and the Promoters shall procure for the Subscriber and its representatives and agents, all the assistance, co-operation and access necessary for the Due Diligence investigations (as defined in the SA) subject to the receipt by TPI and the Promoters of the Subscriber's written request for access at least three (3) Business Days before the access is carried out and each shall on written request of the other provide copies of all documents required for the submission of the applications to the relevant public authorities, at the cost and expense of the Subscriber.

3. Completion

- 3.1 Subject to Paragraph 1 (Conditions Precedent), Completion shall take place at the offices of the Subscriber's Solicitors on the Completion Date or at such other place or on such other date as may be agreed between the Subscriber, the Company and Promoters.
- 3.2 Notwithstanding anything to the contrary in Paragraph 1 (Conditions Precedent), the Completion of the SA shall be conditional upon:
- (a) all the Subscription Shares collectively allotted and issued to the Subscriber;
 - (b) the Parties performing all their respective obligations herein and that no breach of the SA has occurred which has not been remedied or waived by the non-defaulting Party; and
 - (c) the absence of injunctions or legal proceedings prohibiting the subscription of the Subscription Shares in accordance with the terms and conditions contained in the SA.
- 3.3 On the Completion Date:
- (a) TPI shall deliver to the Subscriber the following:
 - (i) the board and shareholders' resolutions of the Company approving:
 - (1) the subscription and the allotment and issue of the Subscription Shares to the Subscriber and the issue of the corresponding share certificates for the Subscription Shares in accordance with the memorandum and articles of association/constitution of TPI;
 - (2) the appointment of director or alternative director of TPI nominated by the Subscriber; and
 - (3) accept the appointment of the authorised signatory of TPI nominated by the Subscriber or director nominated by the Subscriber, for all bank accounts of TPI, with the establishment of the limit of authority, in the form and content acceptable by the Subscriber, if applicable.
 - (ii) the certified true copies of the approvals or documents referred to in Paragraph 1 (Conditions Precedent) evidencing the fulfilment of the Conditions Precedent required to be fulfilled by TPI; and
 - (iii) the certificates of incorporation, corporate seals (if any), cheque books, statutory and other books of TPI (duly written up-to-date), the share certificates in respect of each of the subsidiary, if so required and requested in writing by the Subscriber;
 - (iv) all the financial and accounting books and records of TPI, if so required and requested in writing by the Subscriber; and

- (v) bank statements of all bank accounts of TPI as at the date of Completion.
 - (b) the Promoters shall deliver to the Subscriber the following:
 - (i) the certified true copies of the approvals or documents referred to in Paragraph 1 (Conditions Precedent) evidencing the fulfilment of the Conditions Precedent required to be fulfilled by the Promoters;
 - (ii) such evidence evidencing the completion of the SPA to the satisfaction of the Subscriber as may be ascribed in the SPA;
 - (c) upon completion of the matters referred to in Paragraph 3.3 (a) and (b) the Subscribers shall pay the Subscription Price to TPI according to the Payment Account Details.
 - (d) The Subscriber may in its absolute discretion waive any requirement contained in Paragraph 3.3(a) and (b) above.
 - (e) in exchange of payment of the Subscription Price as set out in Paragraph 3.3 (c) above, TPI shall allot and issue the Subscription Shares to the Subscriber, and enter the name(s) of the Subscriber and/or its nominated Related Corporation(s) in its register of members as holder(s) of the Subscription Shares and deliver to the Subscriber a certified true copy Register of Members of TPI reflecting such subscription.
- 3.4 TPI shall issue and deliver or cause to be issued and delivered to the Subscriber the share certificate in respect of the Subscription Shares within fourteen (14) days after the Subscription Price has been received by TPI pursuant to Paragraph 3.3(c).
- 3.5 TPI hereby covenants that the Subscription Shares when allotted and issued shall be free from all Encumbrance whatsoever and that they shall rank pari passu in all respects with the existing issued shares and with all rights, titles, benefits and advantages now or hereafter attaching thereto, including all bonuses, rights, dividends and distributions declared made and paid as from the Completion Date.
- 3.6 The Parties acknowledge and agree that the Subscriber shall be entitled to require variation to the number of new ordinary shares of TPI being allotted and issued to the Subscriber pursuant to the SA to ensure that the percentage shareholding of the Subscriber upon completion of the Share Subscription shall be, fifty-one per cent (51%) of the then enlarged total issued, fully diluted and paid-up share capital of TPI.
- 3.7 If any Party fails to comply with any of its obligations and those obligations are not waived by the other Party on completion on the Completion Date, then:
- (a) each Party must return or cause to be returned to the other Party all documents delivered to it or its agent under the SA; and
 - (b) TPI shall return all parts of the Subscription Price paid by the Subscriber to TPI; and

- (c) each Party must do everything reasonably required by the other Party to reverse any action taken pursuant to the SA.

4. Warranties and Indemnities

TPI hereby represents, warrants and undertakes as follows:

- (a) the Subscriber's shareholding referred to in Paragraph 3.6 will remain unchanged after Completion as a result of any outstanding commitment, contract or arrangement entered into by TPI;
- (b) the Subscription Shares will at Completion constitute twenty point four per cent (20.4%) of the enlarged issued and paid-up share capital of the Company;
- (c) TPI is a private company incorporated in Malaysia limited by shares;
- (d) as at the date hereof, TPI has one hundred thousand (100,000) ordinary shares which have been issued and fully paid-up and held by the existing shareholders in the proportion as more particularly set out in Schedule 1 of the SA;
- (e) there are no debts and amounts owing by TPI to the Promoters as at the date hereof;
- (f) that the proceeds from the subscription of Subscription Shares by the Subscriber shall be utilised based on the approval of the board of directors of TPI.

Specifically, none of the Subscription Price received shall be utilised to repay any existing loans and/or advances due to any (present and past) shareholder, director, Related Corporation and/or any person related to a director or shareholder of TPI.

5. Right of termination

If prior to Completion:

- (a) it shall be found that:
 - (i) any of the Warranties was, when given, or will be or would be, at Completion (as if they had been given again at Completion) not complied with or otherwise untrue or misleading; or
 - (ii) any of the Party has breached any material term of the SA (including without limitation, any of the obligations and undertakings under Paragraph 2 (Actions pending completion)),

the non-defaulting Party shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to TPI and the Promoters to terminate the SA (other than the provisions referred to in Paragraph 1.5 (Surviving provisions)) or to claim for specific performance of the SA against the defaulting Party, but failure to exercise this right shall not constitute a waiver of any other rights of the non-defaulting Party arising out of such breach; or

- (b) any event shall occur (other than an event constituting or giving rise to a breach of any of the Warranties) which (in the reasonable opinion of the Subscriber) affects or is likely to affect adversely to a material degree the financial position or turnover or profitability of TPI, the Subscriber shall be entitled by notice in writing to TPI and Promoters to terminate the SA (other than the provisions referred to in Paragraph 1.5 (Surviving provisions)) but the occurrence of such an event shall not give rise to any right to damages or compensation.

6. Indemnity

- (a) TPI and the Promoters jointly and severally acknowledge and agree that the Subscriber is entering into the SA, in reliance on the representations, warranties, covenants and undertakings evidenced in the SA. TPI and Promoters jointly and severally covenant with the Subscriber to (in addition to any other rights, indemnities and remedies available to the Subscriber under the SA, law, equity or otherwise) indemnify and save harmless the Subscriber or at its option, any Group Company from and against any and all losses, liabilities, claims and expenses which the Subscriber or such Group Company (as the case may be) may at any time and from time to time sustain, incur or suffer by reason of any breach of any representation, warranty, covenant or undertaking given by TPI and Promoters under the SA.
- (b) Each of the indemnities in the SA constitutes a separate and independent obligation from the other obligations in the SA, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Subscriber to any of TPI or Promoters and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the SA or any other judgment or order.

SALIENT TERMS OF THE SPA**1. Consideration**

1.1 Purchase Consideration

The consideration for the purchase of the Sale Shares shall be the cash sum of RM6,000,000-00, which shall be apportioned as below and paid to them in due proportion on Completion in accordance with Paragraph 4.3 (Payment of Purchase Consideration):

Names of Vendors	Number of Sale Shares to be sold to the Purchaser	Purchase Consideration
Ng Chee Seng	19,605, representing 15.61% of the enlarged issued share capital of TPI pursuant to the SA	RM 510,000.00 on Completion; RM 2,550,000.00 within 6 months from Completion
Amirrudin Bin Yahaya	18,837, representing 14.99% of the enlarged issued share capital of TPI pursuant to the SA	RM 490,000.00 on Completion; RM 2,450,000.00 within 6 months from Completion

1.2 Completion Date

The date falling on the expiry of 6 months after the Unconditional Date shall be referred as the "**Completion Date**", subject to any extensions that may be agreed by the Parties in writing.

1.3 Mode of Payment

- (a) A sum of RM 1,000,000.00 being part of the Purchase Consideration shall be paid on Completion.
- (b) A sum of RM 5,000,000.00 being the balance of the Purchase Consideration shall be paid by the Purchaser to the Vendor within 6 months from the Completion date.

1.4 Method of payment

The payment of the Purchase Consideration shall be effected by crediting for same day value the account specified in the Payment Account Details of the respective Vendors by way of telegraphic transfer. Payment of such sum shall be a good discharge by the Purchaser of its obligation to make such payment and the Purchaser shall not be obliged to see to the application of the consideration as between the relevant Vendors.

1.5 Reduction of consideration

If any payment is made by the Vendors to the Purchaser in respect of any claim against the Vendors which may be in breach of the SPA (including but not limited to the breach of Paragraph 3 (Actions pending completion) (or any agreement entered into pursuant to the SPA) or pursuant to any indemnity hereunder ("**Payment**"), the Payment may be made by way of adjustment of the Purchase Consideration and the Purchase Consideration shall be deemed to have been reduced by the amount of such Payment. For the avoidance of doubt, the method of the Payment in this Paragraph 1.4 would be on the Purchaser's sole discretion and may not necessarily be made by way of adjustment of the Purchase Consideration.

2. Conditions

2.1 Condition Precedents

The Completion of the SPA to sell and purchase the Sale Shares contained in Clause 2.1 (Sale of Sale Shares) is conditional upon the satisfaction by Vendors or a waiver granted by the Purchaser, which shall be at Purchaser's sole discretion, of the following conditions:

- (a) the Purchaser's satisfaction of the results of such legal, commercial and financial due diligence investigations conducted by the Purchaser on TPI, over the business, affairs, operations, assets and liabilities, prospects and records of TPI;
- (b) the passing by way of shareholders' and directors' circular resolution of the Purchaser of a resolution to approve the acquisition of the Sale Shares in the agreed terms, or such other consent as is required by the Purchaser's board of directors and the Purchaser shall deliver the certified true copy of the said approval to the Vendors;
- (c) the Vendors obtaining the approval of the board of directors of TPI for the transfer of the Sale Shares to the Purchaser free from Encumbrances, and the Vendors shall deliver the certified copy of the said approval to the Purchaser;
- (d) the Shareholders' Agreement, the SPA and the SA and any other legal document where necessary, have been duly executed, witnessed and stamped;
- (e) the Shareholders' Agreement and the SA becoming unconditional;
- (f) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the proposed acquisition of the Sale Shares by the Purchaser having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Purchaser and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect, if applicable;
- (g) all necessary approvals under applicable competition laws having been obtained from the competition authorities in the relevant jurisdictions of TPI without the attachment of any terms, conditions,

or remedies (whether in the form of commitments or directions), if applicable;

- (h) where the terms of any material contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of TPI or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA, written confirmation in a form and on terms (if any) reasonably satisfactory to the Purchaser by the counterparties, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate, if applicable; and
- (i) the issuance of a waiver letter, substantially in the form attached to Schedule 4 of the SPA by the Vendors to TPI waiving all their rights of action of any kind, arising in any capacity or in any jurisdiction, against TPI and its subsidiary or any of their respective officers or employees, including without limitation to the Shareholders' Loan as defined in the SPA ("**Waiver Letter**").
- (j) The submission and lodgement with the Securities Commission all information and documents as may be specified by the Securities Commission and in compliance with applicable laws and regulations for the issuance of the Notes, (the "**Lodgement**"), and such Lodgement not having been amended, withdrawn, revoked, rescinded or cancelled.
- (k) The subscription agreement for the Notes remains valid and binding and is NOT terminated for any reason whatsoever.

2.2 Responsibility for satisfaction

- (a) The Vendors shall use their best endeavours to ensure the satisfaction of the conditions set out in Paragraph 2.1(c),(d),(e),(f),(g),(h),(i) and (k) and the Purchaser shall use its reasonable endeavours to ensure the satisfaction of the conditions set out in Paragraph 2.1(a),(b),(d),(e),(j) and (k) within the date falling three (3) calendar months after the date of the SPA, or such other date as may be mutually agreed by the Parties ("**Long Stop Date**").
- (b) Once the Parties are satisfied that all of the Conditions Precedents have been fulfilled or waived on or before the Long Stop Date, as the case may be, all Parties shall execute a confirmatory notice in the form as per Schedule 6 of the SPA to such effect no later than two (2) Business Days from the last Condition Precedent being fulfilled or waived, and Parties shall work together towards achieving Completion on Completion Date.

2.3 Non-satisfaction or waiver

- (a) The Purchaser may at any time at its sole discretion waive in whole or in part and conditionally or unconditionally the conditions set out in Paragraph 2.1 (Conditions precedent) by notice in writing to the Vendors.

- (b) The Party responsible for the satisfaction of each condition as specified in Paragraph 2.2 (Responsibility for satisfaction) shall give notice to the other Party of the satisfaction of the relevant conditions within Two (2) Business Days of becoming aware of it.
- (c) If the conditions in Paragraph 2.1 (Conditions precedent) are not satisfied or waived on or before the Long Stop Date, the SPA shall terminate and cease to have effect on the Long Stop Date except for:
 - (i) provisions referred to in Paragraph 2.5 (Surviving provisions); and
 - (ii) any rights, remedies or liabilities of the Parties that have accrued at termination of the SPA,unless otherwise agreed by the Parties in writing.

2.4 Unconditional Date

The SPA shall become unconditional on the date on which the last of the conditions set out in Paragraph 2.1 is obtained or fulfilled or waived, in accordance with the provisions of the SPA and the date specified in the confirmatory notice pursuant to Paragraph 2.2(b).

2.5 Surviving provisions

The following provisions shall continue to have effect notwithstanding the termination of the SPA in accordance with Paragraph 2.3(c) (Non-satisfaction or waiver) or the termination of the SPA in accordance with Paragraph 5 (Right to terminate):

- (a) Clause 1 (Definitions and interpretation);
- (b) Clause 8.6 (Indemnity);
- (c) Clause 9 (Whole agreement);
- (d) Clauses 10 (Other Provisions), with the exception of Clause 10.9 (Further assurances).

3. Actions pending completion

3.1 Vendors' general obligations

Except as permitted in the SPA or where any prior written consent of the Purchaser has been given to the Vendors, the Vendors hereby jointly and severally covenant and undertake to use their best endeavour to ensure that as from the date hereof and pending Completion, shall procure at its best effort, TPI to:

- (a) continue to conduct its present business according to its present practice and in the ordinary course of business and specifically ensure that it does not put the ownership and control of any of its key business contracts at risk, nor change its present business, nor commence any new business;
- (b) not to sell, transfer, lease, let or encumber or dispose of or otherwise howsoever deal or part with possession of any of its assets or

undertakings or any part or parts thereof other than in the ordinary course of business;

- (c) not to create or issue or agree to create or issue any share or loan capital or give or agree to give any option or right or interest in respect of any share or loan capital;
- (d) not to hold or convene any meeting which proposes or passes a resolution except to give effect to the SPA or for its ordinary course of business;
- (e) not to cause any licence, permit or statutory approval relating to its business to be revoked, withdrawn or suspended unless such revocation, withdrawal or suspension is to facilitate the issuance of any licence, permit or statutory approval to it;
- (f) to maintain all insurance cover and not do anything which will affect its validity;
- (g) not to change TPI's auditors;
- (h) not to alter its memorandum and articles of association/ constitution, as the case may be, in any respect except in compliance with requirements of law and/or any public authorities and/or as may be necessary to give effect to the terms of the SPA;
- (i) not to incur any borrowing or indebtedness except that entered into in the ordinary course of business;
- (j) not to enter into any abnormal or long-term contract or capital commitment. The expression "long-term" shall mean any length of time exceeding 90 days;
- (k) not to pay or declare any dividend or make any other distribution;
- (l) not to enter into any service contracts with its directors or employees nor increase the remuneration paid to its directors and employees, save and except the entering into the employment agreement in the ordinary and usual course of business; and
- (m) shall comply in all respects with all applicable laws, rules, regulations and orders to which it is subject.

3.2 Due diligence access

- (a) Without prejudice to the Warranties and undertakings herein, in order to enable the due diligence investigations referred to in Paragraph 2.1(a) (Conditions precedent) to be carried out, the Vendors shall provide and shall procure TPI to provide the Purchaser and its representatives and agents with access and entry to the relevant premises where all the records, books and accounts in respect of the Sale Shares, TPI are held, subject to the receipt by the Vendors of the Purchaser's written request for access and entry to the relevant premises at least three (3) Business Days before the access and entry to the relevant premises is carried out.

- (b) The Vendors shall procure for the Purchaser and its representatives and agents, all the assistance, co-operation and access necessary for the due diligence investigations subject to the receipt by Vendor of the Purchaser's written request for access at least three (3) Business Days before the access is carried out and each shall on written request of the other provide copies of all documents required for the submission of the applications to the relevant public authorities at the cost and expense of the Purchaser.

4. Completion

4.1 Date and place

Subject to Paragraph 2 (Conditions) of the SPA, Completion shall take place at the offices of the Purchaser's Solicitors on the Completion Date or at such other place or on such other date as may be agreed between the Purchaser and the Vendors' Representatives on behalf of the Vendors.

4.2 Obligations on Completion

Upon Completion, the Vendors shall immediately procure that all obligations specified in **Schedule 3** (Completion Obligations) to be fulfilled and delivered to the Purchaser.

4.3 Payment of Purchase Consideration

Upon compliance with the foregoing provisions, the Purchaser shall pay RM1,000,000.00 as part of the Purchase Consideration to the Vendors on Completion and RM 5,000,000.00 as the balance of Purchase Consideration within 6 months from the Completion Date.

4.4 Rights to Sale Shares after Completion

The Vendors covenant and undertake to the Purchaser that, if and for so long as they remain the registered holders of any of the Sale Shares after Completion, they shall:

- (a) hold such Sale Shares together with all dividends and any other distributions of profits, surplus or other assets in respect of such Sale Shares and all rights arising out of or in connection with them, in trust for the Purchaser;
- (b) at all times after Completion, deal with and dispose of such Sale Shares, dividends, distributions, assets and rights as the Purchaser shall reasonably direct;
- (c) exercise all voting rights attached to such Sale Shares in such manner as the Purchaser shall reasonably direct; and
- (d) if required and requested in writing by the Purchaser, execute all instruments of proxy or other documents as may be necessary to enable the Purchaser to attend and vote at any meeting of TPI.

5. Right to terminate

- (a) If the foregoing provisions of this Paragraph are not fully complied with by the Vendors or the Purchaser by or on the Completion Date, the Purchaser,

in the case of non-compliance by any of the Vendors, or the Vendors, in the case of non-compliance by the Purchaser, shall be entitled (in addition to and without prejudice to all other rights or remedies available to the terminating Party including the right to claim damages) by written notice to the other Parties served on such date:

- (i) to elect to terminate this Agreement (other than the provisions referred to in Paragraph 2.5 (Surviving provisions)) without liability on the part of the terminating Party; or
- (ii) to effect Completion so far as practicable having regard to the defaults which have occurred; or
- (iii) to mutually agree to a new Completion Date (not being more than twenty (20) Business Days after the previous agreed date for Completion), in which case the foregoing provisions of this Paragraph (Right to terminate) shall apply to Completion as so deferred but provided such deferral may only occur once, unless otherwise mutually agreed.

(b) If prior to Completion:

- (i) it shall be found that:
 - (A) any of the Warranties was, when given, or will be or would be, at Completion (as if they had been given again at Completion) not complied with or otherwise untrue or misleading; or
 - (B) any Party has breached any material term of the SPA (including without limitation, the Vendors' obligations and undertakings under Paragraph 3 (Actions pending completion),

the non-defaulting Party shall be entitled (in addition to and without prejudice to all other rights or remedies available to it including the right to claim damages) by notice in writing to the defaulting Party to terminate the SPA (other than the provisions referred to in Paragraph 2.5 (Surviving provisions)) or to claim for specific performance of the SPA against the defaulting Party, but failure to exercise this right shall not constitute a waiver of any other rights of the non-defaulting Party or its successors in title or its personal representative (as the case may be) arising out of such breach; or

- (ii) any event shall occur (other than an event constituting or giving rise to a breach of any of the Warranties) which (in the reasonable opinion of the Purchaser) affects or is likely to affect adversely to a material degree the financial position or turnover or profitability of TPI, the Purchaser shall be entitled by notice in writing to the Vendors to terminate the SPA (other than the provisions referred to in Paragraph 2.5 (Surviving provisions)) but the occurrence of such an event shall not give rise to any right to damages or compensation.

SALIENT TERMS OF THE SHAREHOLDERS' AGREEMENT

1. Equity Participation

Ng Chee Seng, Amirrudin bin Yahaya and Sino (collectively referred to as the "**Shareholders**") agree that the shareholdings of TPI shall, unless otherwise varied in accordance with the provisions of the Shareholders Agreement, be maintained at all times in the proportions below:

Shareholders	Percentage (%)
Ng Chee Seng	44.1
Amirrudin Bin Yahaya	4.9
Sino	51.0
TOTAL	100.0

For the avoidance of doubt, the purchase of Sale Shares and subscription of the Subscription Shares will occur simultaneously on the Completion.

2. Constitution of the Board

2.1 Upon or immediately after the Effective Date, the composition of the Board shall be proportionate to the following percentage ratio, applicable only for the composition of the Board:

Nomination of Director by	Number of Directors	Percentage
Sino	3 directors	60%
Ng Chee Seng and Amirrudin Bin Yahaya (collectively referred to as the " Management Shareholders ")	2 director	40%
Total	5 Directors	100%

2.2 In the event there is an increase to the number of director, the ratio of nominated directors shall be maintained according to the percentage as stated under Paragraph 2.1 above.

2.3 In addition to the above, Sino shall be entitled to appoint the majority of the directors to the board of TPI. TPI shall undertake and cause to ensure that the rights under this Paragraph 2.3 shall be implemented and complied with at all time at TPI's level.

3. Dividend

Subject to the provisions of the Companies Act, and unless otherwise agreed by the Shareholders, the Board has the option to issue dividends pursuant to all of the accrued profits of TPI as of the end of each financial year which are available for distribution after making provision for working capital and making such

provisions and transfers to reserves as in the opinion of the Board ought reasonably to be made, which shall be distributed to the Shareholders respectively.

4. Deadlock

4.1 In the event that the Management Shareholders and Sino fail to agree on any Deadlock matter both Management Shareholders and Sino shall attempt in good faith to resolve the Deadlock through a face to face meeting or telephone or video conference call within fifteen (15) Business Days from the date on which the Deadlock is deemed to have occurred ("**Deadlock Period**"). In the event that the Management Shareholders and Sino are unable to resolve the Deadlock within the Deadlock Period, the Management Shareholders may serve a written notice ("**Deadlock Notice**") to Sino offering to sell all their shares in TPI ("**Deadlock Securities**") to Sino or, failing which, either party may purchase the other party's shares in accordance with the following provisions.

4.2 The Deadlock Notice shall specify the price at which the Management Shareholder is prepared to sell the Deadlock Securities to Sino ("**Deadlock Price**") but shall not include any other condition whatsoever. The Deadlock Price shall be at Fair Market Value or the Appraised Value determined in Schedule 3 of the Shareholders Agreement.

4.3 The Deadlock Notice shall be deemed to:

4.3.1 constitute an offer by the Management Shareholder, open for acceptance by Sino for one month from the date of service of the Deadlock Notice ("**Acceptance Period**"), to sell all (but not some only) of the Deadlock Securities to Sino on the Transfer Terms at the Deadlock Price; and

4.3.2 constitute an alternative offer by Sino to purchase all (but not some only) of Management Shareholder's Shares (the Deadlock Securities) within seven (7) days after the end of the Acceptance Period on the Transfer Terms at the Deadlock Price if Sino does not elect to purchase all the Subject Shares before the expiry of the Acceptance Period;

and shall be irrevocable. For the purposes of this clause the 'Transfer Terms' means free from all claims, equities, liens and encumbrances together with all rights attaching thereto at the date of service of the Transfer Notice.

4.4 Sino may at any time before the expiry of the Acceptance Period serve notice in writing upon Management Shareholder who has initially issued Deadlock Notice (hereinafter referred to as "**the Seller**") of its desire to purchase all (but not some only) of the Deadlock Securities on the terms set out in this clause (a "**Purchase Notice**") which may not be expressed to be subject to the fulfilment of any condition whatsoever. Upon service of a Purchase Notice on the Seller the latter shall be bound to sell (upon payment of the Deadlock Price), and the Buyer shall be bound to purchase (at the Deadlock Price), all the Deadlock Securities, which the Seller shall transfer on the Transfer Term and the terms of Clause 6 (Transfer of Shares) stated in the Shareholders Agreement.

4.5 If Sino does not serve a Purchase Notice before the expiry of the Acceptance Period, Sino shall be deemed to have declined the offer by the Seller and

Sino shall be bound to sell, and the Seller shall be bound to purchase at a price proportionate to the Deadlock Price according to number of shares, all the Sino shares, which Sino shall transfer on the Transfer Term and terms of Clause 6 (Transfer of Shares) as stated in the Shareholders Agreement.

5. Employees

The Board may appoint a Chief Executive Officer to undertake the daily operations of TPI. Parties agree that Ng Chee Seng shall remain as the Chief Executive Officer of TPI and shall be responsible for the overall management of TPI. The remuneration and/or salaries and benefits of the senior staff and executives shall be determined by the Board in accordance with Clauses 7.5 and 7.13 as stated in the Shareholders Agreement.

6. Financial Requirements

- 6.1 The financial requirements of TPI shall be met by way of subscription for ordinary shares of TPI by the Shareholders in accordance with the terms of Clause 4 of the Shareholders Agreement and/or by borrowings / banking facility(s) from licensed financial institutions secured by the revenues and assets of TPI, grants or financial assistances from government, if applicable.
- 6.2 Where borrowings and/or banking facilities are or has been obtained by TPI, TPI shall satisfactorily maintain the banking and borrowing facilities obtained without default, in particular the facilities obtained for the purpose of purchase of inventory.
- 6.3 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 TPI without the prior written approval of such Shareholder in which such approval shall not unreasonably be withheld.
- 6.4 The Shareholders shall be at all times entitled to all rights and privileges as a Shareholder of TPI and the rights to be determined by the Board from time to time and all other rights and privileges in accordance with the Companies Act 2016.