

SINO HUA-AN INTERNATIONAL BERHAD ("Hua-An")

EXCLUSIVE MASTER DISTRIBUTION AGREEMENT BETWEEN USAHA BUMI INDAH SDN. BHD, A WHOLLY-OWNED SUBSIDIARY OF HUA-AN AND GUANGXI AEROSPACE BEIDOU NEW ENERGY INDUSTRY TECHNOLOGY CO LTD

1. INTRODUCTION

The Board of Directors of Hua-An wishes to announce that Usaha Bumi Indah Sdn. Bhd. ("**UBI**"), a wholly-owned subsidiary of Hua-An had on 17 August 2020 entered into an Exclusive Master Distribution Agreement ("**Agreement**") with Guangxi Aerospace Beidou New Energy Industry Technology Co Ltd ("**GABNEIT**") as the Exclusive Master Distributor of any and all of GABNEIT's current or future products ("**Products**"), in all countries globally, except for the People's Republic of China ("**Exclusive Territories**").

Further details on the Agreement are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PARTIES TO THE AGREEMENT

2.1 GABNEIT

GABNEIT was incorporated in China on 14 August 2014 and is principally engaged in the design and manufacture of ultra capacitors and super batteries.

2.2 UBI

UBI was incorporated in Malaysia on 10 January 2013 as a private limited company. UBI is principally engaged in investment holding and trading of ultra capacitors and super batteries.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Appointment of Distributor and Exclusivity

- a) UBI was appointed by GABNEIT as its sole and exclusive master distributor of all GABNEIT's Products and future products within the Exclusive Territories. UBI may nominate affiliated or other companies to sell and/or lease and distribute the Products in the Exclusive Territories ("**Sub-Distributors**"), provided however (i) such Sub-Distributors agree in writing to be bound by the terms of the Master Agreement and the Agreement, (ii) UBI shall be responsible for any breaches of the Master Agreement or the Agreement made by such Sub-Distributor in the same manner as if any such breach was made by UBI itself.
- b) UBI shall purchase the products directly from GABNEIT (or any agent or third party designated by GABNEIT in writing) in UBI's own name and for UBI's own account and risk.
- c) UBI may sell and/or lease the products to third parties provided however, UBI shall not sell and/or lease the products to any third

party that intends to market, sell or distribute the products in China.

- d) UBI shall not advertise and/or solicit sales of the products to parties residing in China. In the event that UBI receives any response or inquiry from any party within China through its website or any other marketing and/or advertising materials distributed within the Exclusive Territories, UBI shall turn over all such contact information to GABNEIT.
- e) UBI shall use commercially reasonable efforts in promoting the Products which shall include but not be limited to marketing and advertising GABNEIT's Products.
- f) GABNEIT shall direct and turn over any new requests for the Products or orders for the Products within the Exclusive Territories to UBI.
- g) Nothing in the Agreement shall constitute the right of UBI to act as agent for GABNEIT or to represent GABNEIT in any way whatsoever. UBI shall have no authority whatsoever to enter into any obligations on behalf of GABNEIT.
- h) UBI acknowledges that proprietary information is embodied in the Products and all data, information and materials supplied by GABNEIT to UBI or acquired by UBI in performance of the Agreement. UBI agrees not to use, appropriate or disclose to others any such proprietary information, except as may be expressly permitted in writing by GABNEIT. UBI agrees that all proprietary rights relating to the Products, including all copyrights, patents and trade secrets and all trade names, trademarks and service marks used or promoted by GABNEIT, UBI or their respective agents with respect to the Products are the sole and exclusive property of GABNEIT.

3.2 Novation of all existing Contracts

By virtue of the provisions stipulated in Section 2 and 3 in the Agreement, the Parties hereby agree that the GABNEIT shall novate, transfer, assign, cede and/or turn over, as the case may be, all of its subsisting and prospective contracts with regards to the sale and distribution of the Products in the Exclusive Territories to the UBI, including but not limited to the Tuatara NZ contract.

3.3 Purchase and Sale of the GABNEIT's Products

- a) GABNEIT shall sell Products to UBI at a price no greater than the lowest price sold to anyone, anywhere, regardless of quantity. The purchase price of all Products sold to the Distributor shall be paid to GABNEIT in Chinese RMB or US Dollars.
- b) GABNEIT shall provide UBI at least ninety (90) days notice of any pricing increase. Any price increase shall be limited to ten percent (10%) and there shall not be more than one (1) price increase in any given twelve (12) month period.

- c) UBI shall have the right to purchase a minimum of fifty percent (50%) of the production capacity of the GABNEIT's manufacturing capacity, per Product, of the GABNEIT 's Products.

3.4 Duration and Termination.

- a) The initial term of the Agreement shall be from the Effective Date of the Agreement until the next 10 years.
- b) The Agreement shall automatically renew for an additional ten (10) years and each 10 year period thereafter if a minimum increase in sales of ten percent (10%) per year or accumulative equivalent or a year by year ten percent (10%) increase is achieved by the end of the initial term of the Agreement and each ten (10) year period thereafter.
- c) The Agreement may be terminated at any time by UBI, with or without cause, upon ninety (90) days written notice to GABNEIT. UBI shall immediately cease representing itself as a distributor of the Products. Each Party shall remain liable under the Agreement for any obligation incurred prior to the effective date of termination. UBI shall have the right to sell and/or lease any products in inventory, the right to purchase Products required to fill any orders it has on the books at the time of termination of the Agreement, and the right to service any leases in effect or arising therefrom until the final expiration of any such leases.
- d) The Agreement may be terminated at any time by GABNEIT, but only for cause, upon ninety (90) days written notice to UBI of the specific cause GABNEIT asserts is the basis for such termination notice.
- e) The Agreement may be terminated as to a particular Country within the Exclusive Territories upon UBI learning and advising GABNEIT that it is unable to secure any regulatory/governmental approval to distribute the Products within that particular Country in the Exclusive Territories.
- f) The Agreement may be terminated as to a particular Country in the Exclusive Territories if any required regulatory/governmental approval to distribute the Products within a particular Country in the Exclusive Territories is revoked or suspended.
- g) In order for either Party to cure a material breach of the Agreement, it must pay any reasonable and demonstrable damages such breach caused the non-breaching Party.

4. RATIONALE

Pursuant to this Agreement, Hua-An via its wholly-owned subsidiary UBI, will gain exclusive rights and be appointed the sole global master reseller and distributor (excluding China) for all of GABNEIT products. This will enable Hua-An to derive alternative revenue sources and earn the relevant profit margins from such activities. Additionally, Hua-An Group will also be able to capitalize on the patents and technologies of GABNEIT whilst expanding the market for its energy storage solutions into Asia Pacific and the Middle East.

5. FINANCIAL EFFECTS

The execution of the Agreement is not expected to have any material effect on the earnings, net assets, gearing, share capital and substantial shareholders' shareholding of Hua-An. However, the Board believes that the Agreement will contribute positively to Hua-An Group future earnings.

6. RISK FACTORS

The Company does not expect any material risk arising from the Agreement other than the normal operational risk associated with the Agreement, which Hua-An would take appropriate measures to minimise it.

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

None of the Directors and/or major shareholders of Hua-An and/or person connected to them have any interest, either direct or indirect, in the Agreement.

8. APPROVAL REQUIRED

The Agreement is not subject to the approval of the shareholders of Hua-An and/or approval from any regulatory authority.

9. DIRECTORS' STATEMENT

The Board of Directors of Hua-An, having considered all aspect of the Agreement, is of the opinion that the execution of the Agreement is in the best interests of Hua-An Group.

10. DOCUMENT AVAILABLE FOR INSPECTION

The Agreement is available for inspection at the registered office of Hua-An at Securities Services (Holdings) Sdn. Bhd., 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 17 August 2020.