

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.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused the section in relation to the Proposed Change of Name (as defined herein) of Part B of this Circular prior to its issuance as it is an Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



SINO HUA-AN INTERNATIONAL BERHAD

[Registration No.: 200601012477 (732227-T)]

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PART A

**PROPOSED SETTLEMENT OF AN AGGREGATE AMOUNT OF RM3,500,000 DEBT
OWING TO CREDITORS BY THE COMPANY AND/OR ITS SUBSIDIARY
VIA THE ISSUANCE OF 55,643,880 NEW ORDINARY SHARES IN SHIB
AT AN ISSUE PRICE OF RM0.0629 PER SHARE**

PART B

**PROPOSED CHANGE OF NAME FROM
SINO HUA-AN INTERNATIONAL BERHAD TO TECHNAX BERHAD**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



M&A SECURITIES SDN BHD

Registration No. 197301001503 (15017-H)

(A Wholly-Owned Subsidiary of Insas Berhad)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice convening an Extraordinary General Meeting ("**EGM**") and the Proxy Form are enclosed in this Circular.

A shareholder entitled to attend and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote on his behalf. The Proxy Form must be completed and be deposited at the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. The lodging of the Proxy Form will not preclude a shareholder from attending and voting in person at the EGM should the shareholder subsequently wishes to do so.

Last date and time for lodging the Proxy Form : Sunday, 15 November 2020 at 10.00 a.m.

Date and time of EGM : Tuesday, 17 November 2020 at 10.00 a.m. or any adjournment thereof

Venue of EGM : Banquet Hall, 2nd Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan

This Circular is dated 16 October 2020

DEFINITIONS

Except where the context otherwise requires, the following definition shall apply throughout this Circular:

"Act"	:	Companies Act 2016 and includes any amendments thereto from time to time
"Board"	:	Board of Directors of SHIB
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd [Reg. No: 198701006854 (165570-W)]
"Bursa Securities"	:	Bursa Malaysia Securities Berhad [Reg. No: 200301033577 (635998-W)]
"Circular"	:	This circular to shareholders of SHIB dated 16 October 2020
"CKS"	:	Chan Kok San
"COVID-19"	:	Coronavirus disease 2019 (COVID-19), an infectious disease which affects the respiratory system, and is a global pandemic
"Craveat"	:	Craveat International Sdn Bhd (formerly known as Bistromalones (PJ) Sdn Bhd) [Reg. No: 201501030637 (1155961-V)]
"Craveat Group"	:	Craveat group of companies, including Craveat and its subsidiaries
"Creditors"	:	CKS, JAB and OSE, collectively or each a "Creditor"
"Creditors Settlement Agreements"	:	The 3 settlement agreements entered into by the Company with each of the Creditor respectively, to settle the Creditors Settlement Amount owing by the Company and/or its subsidiary to the Creditors based on the cut-off date as at 20 April 2020, via the issuance of the Creditors Settlement Shares at the Creditors Settlement Issue Price
"Creditors Settlement Amount"	:	Aggregate amount of RM3,500,000 debt owing to the Creditors
"Creditors Settlement Issue Price"	:	Issue price of RM0.0629 per Creditors Settlement Share
"Creditors Settlement Shares"	:	55,643,880 new ordinary shares in SHIB to be issued to the Creditors for the Proposed Creditors Debt Settlement
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per Share
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending 31 December, as the case may be
"JAB"	:	Jaleeludeen Bin Abu Baker
"LPD"	:	6 October 2020, being the latest practicable date prior to the printing and despatch of this Circular

DEFINITIONS (CONT'D)

"M&A Securities" or "Principal Adviser"	:	M&A Securities Sdn Bhd [Reg. No: 197301001503 (15017-H)]
"MCO"	:	The 2020 Malaysia movement control order, commonly referred to as the MCO, a restriction imposed on the movement of people implemented as a preventive measure by the federal government of Malaysia in response to the COVID-19 pandemic in the country on 18 March 2020, and includes all its subsequent phases, being the conditional MCO which began on 4 May 2020 and the recovery MCO which began on 10 June 2020 (" RMCO ")
"NA"	:	Net assets
"OSE"	:	Ong Sing Eng
"Placement Share(s)"	:	236,461,500 new ordinary shares in SHIB to be issued pursuant to the Proposed Private Placement
"Proposals"	:	Proposed Creditors Debt Settlement and Proposed Private Placement, collectively
"Proposed Change of Name"	:	Proposed change of name from "Sino Hua-An International Berhad" to "Techna-X Berhad"
"Proposed Creditors Debt Settlement"	:	Proposed CKS Debt Settlement, Proposed JAB Debt Settlement and Proposed OSE Debt Settlement, collectively
"Proposed Private Placement"	:	Proposed private placement of up to 236,461,500 new Shares, representing approximately 20.00% of the Company's total number of issued Shares (excluding treasury shares, if any), the details of which are set out in Section 10, Part A of this Circular
"Proposed CKS Debt Settlement"	:	Proposed settlement of RM1,500,000 debt owing to CKS by the Company, via the issuance of 23,847,377 new Shares at the Creditors Settlement Issue Price
"Proposed JAB Debt Settlement"	:	Proposed settlement of RM1,027,700 debt owing to JAB by SHIB's subsidiary, via the issuance of 16,338,633 new Shares at the Creditors Settlement Issue Price
"Proposed OSE Debt Settlement"	:	Proposed settlement of RM972,300 debt owing to OSE by the Company, via the issuance of 15,457,870 new Shares at the Creditors Settlement Issue Price
"Record of Depositors" or "ROD"	:	A record of securities holders established and maintained by Bursa Depository under the rules of depository, as amended from time to time
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RMB" or "Renminbi"	:	Chinese Renminbi
"SHIB" or "Company"	:	Sino Hua-An International Berhad [Reg. No: 200601012477 (732227-T)]
"SHIB Group" or "Group"	:	SHIB and its subsidiary companies

DEFINITIONS (CONT'D)

"SHIB Share(s)" or : Ordinary share(s) in SHIB
"Share(s)"

"SHIB RCN" or : SHIB redeemable convertible notes with an aggregate principal amount of up
"RCN" to RM150,000,000

"5D-VWAMP" : 5-day volume weighted average market price

For the purpose of this Circular, all references to a time of day shall be a reference to Malaysian time unless otherwise stated. In this Circular, words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall, where applicable, include corporations. Certain figures included in this Circular have been subject to rounding adjustments. References to "we", "us", "our" and "ourselves" are to our Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of the Company.

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NOTICE OF EGM **ENCLOSED**

PROXY FORM **ENCLOSED**

ADMINISTRATIVE GUIDE FOR EGM **ENCLOSED**

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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT AND PROPOSED CHANGE OF NAME. YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE ENTIRE CONTENTS OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED CREDITORS DEBT SETTLEMENT AND SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CHANGE OF NAME AT THE FORTHCOMING EGM OF THE COMPANY.

PART A: PROPOSED CREDITORS DEBT SETTLEMENT

Key information	Summary	Reference to Circular															
Summary of the Proposed Creditors Debt Settlement	<p>SHIB intends to undertake the proposed settlement of the Creditors Settlement Amount owing to the Creditors by the Company and/or its subsidiary, via the issuance of the Creditors Settlement Shares as follows:</p> <table><thead><tr><th>Creditor</th><th>Creditors Settlement Amount (RM)</th><th>Quantity of Creditors Settlement Shares To Be Received</th></tr></thead><tbody><tr><td>CKS</td><td>1,500,000</td><td>23,847,377</td></tr><tr><td>JAB</td><td>1,027,700</td><td>16,338,633</td></tr><tr><td>OSE</td><td>972,300</td><td>15,457,870</td></tr><tr><td>Total</td><td>3,500,000</td><td>55,643,880</td></tr></tbody></table>	Creditor	Creditors Settlement Amount (RM)	Quantity of Creditors Settlement Shares To Be Received	CKS	1,500,000	23,847,377	JAB	1,027,700	16,338,633	OSE	972,300	15,457,870	Total	3,500,000	55,643,880	Section 1 and Section 2 of Part A
Creditor	Creditors Settlement Amount (RM)	Quantity of Creditors Settlement Shares To Be Received															
CKS	1,500,000	23,847,377															
JAB	1,027,700	16,338,633															
OSE	972,300	15,457,870															
Total	3,500,000	55,643,880															
Rationale and benefits of the Proposed Creditors Debt Settlement	<p>The purpose of the Proposed Creditors Debt Settlement is to settle the amount owing by the Company and/or its subsidiary to the Creditors.</p> <p>After due consideration of the various options available, the Board is of the opinion that the Proposed Creditors Debt Settlement is an appropriate method to settle the Creditors Settlement Amount in view that the Proposed Creditors Debt Settlement:</p> <ul style="list-style-type: none">(i) will enable the Company to settle the Creditors Settlement Amount without incurring additional debt obligation/interest expenses by SHIB;(ii) will enable the Company to strengthen its capital base;(iii) will further strengthen the Company's equity base as well as NA and gearing ratio of the Company as a result of the increase in the share capital of the Company; and(iv) to preserve its cash for other purposes, such as working capital requirements.	Section 4 of Part A															
Approvals required	<p>The Proposed Creditors Debt Settlement is subject to the following approvals being obtained:</p> <ul style="list-style-type: none">(i) Bursa Securities for the listing of and quotation for the Creditors Settlement Shares to be issued pursuant to the	Section 8 of Part A															

EXECUTIVE SUMMARY

Key information	Summary	Reference to Circular
	<p>Proposed Creditors Debt Settlement on the Main Market of Bursa Securities which was obtained vide its letter dated 11 September 2020, subject to the conditions as disclosed in Section 8 of this Circular;</p> <p>(ii) Shareholders' approval for the Proposed Creditors Debt Settlement at the forthcoming EGM of the Company to be convened;</p> <p>(iii) Written consent from Advance Opportunities Fund and Advance Opportunities Fund I (being the holders of the SHIB RCN), which has been obtained on 3 August 2020, for the Company to carry out the Proposed Creditors Debt Settlement and Proposed Private Placement, and to waive their rights of first refusal for the Placement Shares in accordance with the relevant covenants and the terms and conditions of the SHIB RCN's subscription agreement; and</p> <p>(iv) any other relevant authorities, if required.</p>	
Parties involved and the element of conflict of interests	: None of the Directors, major shareholders, chief executive and/or person connected with them have any interest, whether direct or indirect, in the Proposed Creditors Debt Settlement.	Section 9 of Part A
Directors' statement/ recommendation	: The Board, after having considered all aspects of the Proposed Creditors Debt Settlement including but not limited to the capital structure of the Company, rationale and effects of the Proposed Creditors Debt Settlement, is of the opinion that the Proposed Creditors Debt Settlement is fair and reasonable and is in the best interests of the Company.	Section 11 of Part A
	<p>Therefore, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Creditors Debt Settlement at the EGM to be convened.</p>	

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EXECUTIVE SUMMARY

PART B: PROPOSED CHANGE OF NAME

Key information	Summary	Reference to Circular
Summary of the Proposed Change of Name	: SHIB proposes to undertake the Proposed Change of Name.	Section 1 and Section 2 of Part B
Rationale of the Proposed Change of Name	: The Proposed Change of Name is to have a new corporate identity to better reflect the Group's businesses and its future undertakings.	Section 3 of Part B
Parties involved and the element of conflict of interests	: None of the Directors, major shareholders, chief executive and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Change of Name.	Section 5 of Part B
Approvals required	: The Proposed Change of Name is subject to and conditional upon approvals being obtained from the shareholders of SHIB at the forthcoming EGM to be convened and any other relevant authorities and/or parties, if required.	Section 6 of Part B
Directors' statement/ recommendation	: The Board, having considered all aspects of the Proposed Change of Name including the rationale, justification and effects of the Proposed Change of Name, is of the opinion that the Proposed Change of Name is in the best interest of the Company. Therefore, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Change of Name at the EGM to be convened.	Section 7 of Part B

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PART A

**LETTER TO THE SHAREHOLDERS OF SHIB IN RELATION TO THE
PROPOSED CREDITORS DEBT SETTLEMENT**



SINO HUA-AN INTERNATIONAL BERHAD
[Registration No.: 200601012477 (732227-T)]
(Incorporated in Malaysia)

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

16 October 2020

Board of Directors:

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Executive Chairman)
Liu Guodong (Managing Director)
Datuk Lim Chih Li @ Lin ZhiLi (Executive Director)
Lim See Tow (Independent Non-Executive Director)
Zhai Baoxing (Independent Non-Executive Director)
Balraj Singh Pannu A/L Gajjan Singh (Independent Non-Executive Director)

To: The Shareholders of SHIB

Dear Sir/Madam,

PROPOSED SETTLEMENT OF AN AGGREGATE AMOUNT OF RM3,500,000 DEBT OWING TO CREDITORS BY THE COMPANY AND/OR ITS SUBSIDIARY, VIA THE ISSUANCE OF 55,643,880 NEW ORDINARY SHARES IN SHIB, REPRESENTING APPROXIMATELY 4.24% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY)

1. INTRODUCTION

On 21 April 2020, M&A Securities, on behalf the Board, announced that the Company proposes to undertake the proposed settlement of the Creditors Settlement Amount owing to the Creditors by the Company and/or its subsidiary, via the issuance of the Creditors Settlement Shares.

The Proposed Creditors Debt Settlement was proposed to be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Act based on the limit prescribed under Paragraph 6.03 of the Main Market Listing Requirements ("**MMLR**") of Bursa Securities ("**General Mandate Limit**"). In line with the 'Additional Temporary Relief Measures To Listed Issuers' announced by Bursa Securities on 16 April 2020, Bursa Securities has increased the General Mandate Limit from 10% to 20% of the total issued shares (excluding treasury shares) of company listed in the Main Market of Bursa Securities ("**20% General Mandate**").

On 3 August 2020, M&A Securities had on behalf of the Board announce that, after assessing the current market conditions and the Company's funding requirements as well as taking into

account inter-alia the demand of the SHIB Shares, the Board proposes to fully utilise the 20% General Mandate for the issuance of shares under the Proposed Private Placement.

Accordingly, the Proposed Creditors Debt Settlement will be implemented via the approval of SHIB's Shareholders which will be sought at an EGM of the Company to be convened.

On 11 September 2020, M&A Securities, on behalf of the Board, announced that Bursa Securities vide its letter dated 11 September 2020, had resolved to approve the listing of and quotation for 55,643,880 SHIB Shares to be issued pursuant to the Proposed Creditors Debt Settlement on the Main Market of Bursa Securities subject to the conditions as disclosed in Section 8 of this Circular.

Further details of the Proposed Creditors Debt Settlement are set out in the ensuing sections in this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED CREDITORS DEBT SETTLEMENT, TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED CREDITORS DEBT SETTLEMENT 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 CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED CREDITORS DEBT SETTLEMENT AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED CREDITORS DEBT SETTLEMENT

On 21 April 2020, the Company has entered into 3 Creditors Settlement Agreements with each of the Creditor respectively, to settle the Creditors Settlement Amount owing by the Company and/or its subsidiary to the Creditors based on the cut-off date as at 20 April 2020, via the issuance of the Creditors Settlement Shares at the Creditors Settlement Issue Price.

On 19 July 2020, the Company and each of the Creditor had agreed to further extend the period to fulfil the conditions precedent of the Creditors Settlement Agreements from 20 July 2020 to 19 October 2020.

On 13 October 2020, the Company and each of the Creditor had agreed to further extend the period to fulfil the conditions precedent of the Creditors Settlement Agreements from 19 October 2020 to 18 December 2020.

The details of the Creditors Settlement Amount owing to each Creditor and quantity of Creditors Settlement Shares to be received by each Creditor are as follow:-

Creditor	Creditors Settlement Amount (RM)	Quantity of Creditors Settlement Shares To Be Received
CKS	1,500,000	23,847,377
JAB	1,027,700	16,338,633
OSE	972,300	15,457,870
Total	3,500,000	55,643,880

2.1 Details of the Creditors and Creditors Settlement Amount

2.1.1 Information of CKS

CKS is a Malaysian aged 42.

CKS is neither:

- (i) an interested director or interested major shareholder of SHIB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

Details of the amount owing to CKS

Pursuant to the Creditors Settlement Agreement, SHIB shall pay the debt owing by the Company to CKS of RM1,500,000 based on the cut-off date as at 20 April 2020.

The details of the debt owing by the Company to CKS as at 20 April 2020 are as follows:

Period	Purpose	Amount (RM)
Period from 10 April 2020 to 20 April 2020	Working capital advances for SHIB Group	1,500,000
	Interest portion	Nil
Total		1,500,000

CKS's SHIB Shareholding before and after the Proposed Creditors Debt Settlement

	As at LPD				After the Proposed Creditors Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
CKS	1,000,000	0.08	-	-	24,847,377	1.82	-	-

2.1.2 Information of JAB

JAB is a Malaysian aged 49.

JAB is neither:

- (i) an interested director or interested major shareholder of SHIB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

Details of the amount owing to JAB

Pursuant to the Creditors Settlement Agreement, SHIB shall pay the debt owing by its subsidiary to JAB of RM1,027,700 based on the cut-off date as at 20 April 2020.

The details of the debt owing by the subsidiary of SHIB to JAB as at 20 April 2020 are as follows:

Period	Purpose	Amount (RM)
Period from 28 February 2020 to 20 April 2020	Working capital advances for the SHIB Group	1,027,700
	Interest portion	Nil
Total		1,027,700

JAB's SHIB Shareholding before and after the Proposed Creditors Debt Settlement

	As at LPD				After the Proposed Creditors Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
JAB	-	-	*20,286,038	1.55	16,338,633	1.19	*20,286,038	1.48

Note:

- * Deemed interested pursuant to Section 8 of Companies Act, 2016 by virtue of his entire equity interest in Rise Business Inc. which in turn holds shares in SHIB.

2.1.3 Information of OSE

OSE is a Singaporean aged 49.

OSE is neither:

- (i) an interested director or interested major shareholder of SHIB; nor
- (ii) a person connected to the interested director, major shareholder or chief executive of SHIB.

Details of the amount owing to OSE

Pursuant to the Creditors Settlement Agreement, SHIB shall pay the debt owing by the Company to OSE of RM972,300 based on the cut-off date as at 20 April 2020.

The details of the debt owing by the Company to OSE as at 20 April 2020 are as follows:

Period	Purpose	Amount (RM)
Period from 3 July 2019 to 20 April 2020	Working capital advances for the SHIB Group	972,300
	Interest portion	Nil
Total		972,300

OSE's SHIB Shareholding before and after the Proposed Creditors Debt Settlement

	As at LPD				After the Proposed Creditors Debt Settlement			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
OSE	6,261,900	0.48	-	-	21,719,770	1.59	-	-

2.2 Salient terms of the Creditors Settlement Agreements

2.2.1 Settlement agreement between the Company and CKS

The Company had on 21 April 2020 entered into a settlement agreement with CKS for the settlement of a debt amounting to RM1,500,000 owing to CKS and the salient terms of the settlement agreement are set out below:-

Issuance and allotment of Creditors Settlement Share(s)

The debt shall be settled by way of issuance and allotment by the Company to CKS of 23,847,377 Creditors Settlement Shares at an agreed issue price of RM0.0629 per Creditors Settlement Share.

Conditions Precedent

The issuance and allotment of the Creditors Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent by 18 December 2020, amongst other, the approval of the Board for the issuance and allotment of the Creditors Settlement Share(s) and the approval in principle of Bursa Securities for the listing and quotation of the Creditors Settlement Share(s).

In the event the conditions precedent or any one of them is not fulfilled or satisfied by 18 December 2020 or such other extended period as the parties may agree upon, then the settlement agreement shall be terminated and neither party shall have any claims against the other party in respect of the settlement agreement.

Full Settlement

Upon the issuance and allotment of the said Creditors Settlement Share(s), the said debt owing to CKS shall be deemed repaid or settled in full.

Governing Law

The settlement agreement is governed by the laws of Malaysia.

2.2.2 Settlement agreement between the Company and JAB

The Company had on 21 April 2020 entered into a settlement agreement with JAB for the settlement of a debt amounting to RM1,027,700 owing by its wholly owned subsidiary namely Craveat to JAB and the salient terms of the settlement agreement are set out below:-

Issuance and allotment of Creditors Settlement Share(s)

The debt shall be settled by way of issuance and allotment by the Company to JAB of 16,338,633 Creditors Settlement Shares at an agreed issue price of RM0.0629 per Creditors Settlement Share.

Conditions Precedent

The issuance and allotment of the Creditors Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent by 18 December 2020, amongst other, the approval of the Board for the issuance and allotment of the Creditors Settlement Share(s) and the approval in principle of Bursa Securities for the listing and quotation of the Creditors Settlement Share(s).

In the event the conditions precedent or any one of them is not fulfilled or satisfied by 18 December 2020 or such other extended period as the parties may agree upon, then the settlement agreement shall be terminated and neither party shall have any claims against the other party in respect of the settlement agreement.

Full Settlement

Upon the issuance and allotment of the said Creditors Settlement Share(s), the said debt owing to JAB shall be deemed repaid or settled in full.

Governing Law

The settlement agreement is governed by the laws of Malaysia.

2.2.3 Settlement agreement between the Company and OSE

The Company had on 21 April 2020 entered into a settlement agreement with OSE for the settlement of a debt amounting to RM972,300 owing to OSE and the salient terms of the settlement agreement are set out below:-

Issuance and allotment of Creditors Settlement Share(s)

The debt shall be settled by way of issuance and allotment by the Company to OSE of 15,457,870 Creditors Settlement Shares at an agreed issue price of RM0.0629 per Creditors Settlement Share.

Conditions Precedent

The issuance and allotment of the Creditors Settlement Share(s) is subject to and conditional upon the fulfilment and satisfaction of the conditions precedent by 18 December 2020, amongst other, the approval of the Board for the issuance and allotment of the Creditors Settlement Share(s) and the approval in principle of Bursa Securities for the listing and quotation of the Creditors Settlement Share(s).

In the event the conditions precedent or any one of them is not fulfilled or satisfied by 18 December 2020 or such other extended period as the parties may agree upon, then the settlement agreement shall be terminated and neither party shall have any claims against the other party in respect of the settlement agreement.

Full Settlement

Upon the issuance and allotment of the said Creditors Settlement Share(s), the said debt owing to OSE shall be deemed repaid or settled in full.

Governing Law

The settlement agreement is governed by the laws of Malaysia.

2.3 Basis of arriving at the issue price for the Proposed Creditors Debt Settlement

The Creditors Settlement Issue Price has been fixed by the Board at RM0.0629, after taking into consideration the discount of approximately 9.89% to the 5D-VWAMP of SHIB Shares up to and including 20 April 2020 ("**Discount**"), being the last trading day immediately preceding the date of the initial announcement of the Proposed Creditors Debt Settlement, of approximately RM0.0698. The Creditors Settlement Issue Price was fixed upfront at the Discount which is part of the mutually agreed terms between the Creditors and SHIB after taking into consideration of:

- (i) the market risk of SHIB Shares price to be assumed by the Creditors which is influenced by, amongst others, the market sentiments, the liquidity of SHIB Shares, interest rate movements, the outlook of the industries in which our Group operates in, volatility of the equity markets as well as our financial performance;
- (ii) the uncertainty in the worldwide economic and market condition at the point of entering into the Creditors Settlement Agreement caused by the COVID-19 pandemic as well as the long term impact of COVID-19; and
- (iii) the Creditors Settlement Amount was extended to SHIB Group at no interest at times when debt was challenging and costly for the Company to obtain given the domestic and international economic condition at that point in time.

The Board is of the opinion that the Creditors Settlement Issue Price is reasonable after taking into account the above factors.

2.4 Ranking of the Creditors Settlement Shares

The Creditors Settlement Shares shall, upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that the Creditors Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Creditors Settlement Shares.

2.5 Listing of and quotation for the Creditors Settlement Shares

Bursa Securities vide its letter dated 11 September 2020, had resolved to approve the listing of and quotation for 55,643,880 Creditors Settlement Shares to be issued under the Proposed Creditors Debt Settlement on the Main Market of Bursa Securities subject to the conditions as disclosed in Section 8 of this Circular.

3. UTILISATION OF PROCEEDS

The Creditors Settlement Shares is issued as settlement of the amount owing to the Creditors. As such, there will not be any gross proceeds raised from the issuance.

The estimated expenses for the Proposed Creditors Debt Settlement are approximately RM150,000 which form part of the total estimated expenses for the Proposed Creditors Debt Settlement and Proposed Private Placement of RM900,000, to be funded via the proceeds raised from the Proposed Private Placement.

Please refer to Section 5, Appendix II of this Circular for further information on the estimated expenses for the Proposed Creditors Debt Settlement and Proposed Private Placement.

4. RATIONALE AND JUSTIFICATION FOR THE PROPOSED CREDITORS DEBT SETTLEMENT

The purpose of the Proposed Creditors Debt Settlement is to settle the amount owing by the Company to the Creditors.

After due consideration of the various options available, the Board is of the opinion that the Proposed Creditors Debt Settlement is an appropriate method to settle the Creditors Settlement Amount in view that the Proposed Creditors Debt Settlement:

- (i) will enable the Company to settle the Creditors Settlement Amount without incurring additional debt obligation/interest expenses by the SHIB;
- (ii) will enable the Company to strengthen its capital base;
- (iii) will further strengthen the Company's equity base as well as NA and gearing ratio of the Company as a result of the increase in the share capital of the Company; and
- (iv) to preserve its cash for other purposes, such as working capital requirements.

5. PROSPECTS OF THE GROUP

Faced with the continued tepid economic growth of China moving forward, coupled with the various challenging besetting the metallurgical coke industry, SHIB Group is well aware of the fact that the status quo will no longer be good enough. Incumbents will soon have the rugs pulled from under their feet and it will no longer be business as usual. Many in leading positions, as SHIB was once in, will soon find themselves being displaced and scrambling to find a firm footing amid the shifting sands. Accordingly, the management of SHIB had proactively reviewed its business strategies and direction moving forward, in order to "future-proof" itself so that it can remain relevant and be a formidable corporate business entity on Bursa Securities.

To recap, since its incorporation, the Group has only been operating in China and relying on a single source of business, i.e. that of manufacturing and sale of metallurgical coke and its by-products. 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 such circumstances had accordingly resulted in uncontrollable volatility in the Group's financial position. 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 (finished product) and coking coal (raw material), both of which prices cannot be controlled by the Group. Based on latest results, the metallurgical coke business continues to register losses and the visibility for a recovery in the industry is not clear at the moment. Management has indicated that they have clear plans to stem the losses. Options could include bringing in strategic partners with upstream capabilities to lower the cost of raw materials or downstream operations which could lend economies of scale to current operations. These will all be positive developments for the Group.

In addressing the issue with the still lack of visibility on the metallurgical coke industry, proactive steps have been taken by the management to venture into other business areas outside that of the metallurgical coke sector. Accordingly, over the past 12 months, SHIB has committed approximately RM160 million to acquire various technology companies including platform solutions, Internet of Things ("**IoT**"), data analytics, change management and energy storage businesses. SHIB has completed the acquisition of TouchPoint International Sdn Bhd ("**TouchPoint**") (which is principally involved in the information and communications technology ("**ICT**") business), Craveat Group (which is involved in the operation of restaurant business), MD Labs Sdn Bhd ("**MD Labs**") (which is principally

engaged in data analytics and business intelligence solutions provider) and HumanCapient Consulting Sdn Bhd ("**HumanCapient**") (which is engaged in the provision of services in the field of design, planning and implementation of change management programs specialising in system integration implementation projects).

Additionally SHIB had also entered into the Revised HK Aerospace SPA (as defined under Section 10(iii), Part A of this Circular) for the proposed acquisition of 50% equity interest in HK Aerospace Beidou New Energy Industry Technology Co Ltd ("**HK Aerospace**"). HK Aerospace is principally engaged in the following:

- (a) 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.

All these acquisitions enable SHIB to transform itself as a leading energy storage and technology transformation enabler which will inherently mitigate the risks of solely relying on only one business source, namely the traditional metallurgical coke manufacturing, which in turn is heavily dependent on the steel industry.

Premised on the above, SHIB looks set to focus on its technology acquisitions for future growth and it has already proposed a name change to Techna-X Berhad to reflect this direction.

5.1 Financial and operational impact of Covid-19 on the Group

In January 2020, the central government of China imposed a lockdown in Wuhan and other cities in Hubei Province in an attempt to contain the spread of the COVID-19 outbreak. The lockdown in Wuhan set the precedence for similar measures being imposed in other Chinese cities following the continuous spread of COVID-19. Following therefrom, the Group's major subsidiary, Linyi Yehua Coking Co. Ltd. ("**Yehua**") had imposed self-quarantine measures for those returning staff from their respective hometowns in other province or cities after their Chinese New Year break. All staff entering the factory areas had to be disinfected and their body temperature checked. Production level was reduced due to disruptive labour resources as well as lowered demand resulting from closure of businesses during the lockdown period. Notwithstanding the above, Yehua's coke ovens had to continue to be in operation despite the lower demand as total shut down will cause structural damage to the ovens.

The situation in Malaysia has not been spared by the COVID-19 outbreak either. Following mounting infection cases of the COVID-19 in Malaysia starting end of February 2020, the Government of Malaysia announced the MCO on 18 March 2020 in a bid to contain a further spread of COVID-19 cases in Malaysia. Accordingly, the Company's restaurant operations have been limited to take-aways as dine-ins were not allowed during the MCO and its restaurant business hours in the respective shopping malls have been shortened during the MCO period. As the result of poor consumer sentiment, patronage to the restaurants has not been picking up aggressively ever since despite the country moving into RMCO stage at the moment. Insofar as the Group's technology businesses are concerned, many of its projects and contracts were deferred due to the outbreak of this pandemic. As the country is risking another wave of the pandemic, the financial and operational impact on the Group is prudently expected to be adversely affected in the immediate future.

For better understanding of the financial impact of COVID-19 on the Group during the first half of 2020, please refer to Appendix II of this Circular on the reviews of the latest financial performance.

6. EFFECTS OF THE PROPOSALS

6.1 Share capital

The pro forma effects of the Proposals on the share capital of SHIB are as follows:

	No. of Shares (`000)	RM (`000)
As at LPD	1,312,308	1,134,045
To be issued pursuant to the Proposed Creditors Debt Settlement ⁽¹⁾	55,644	3,500
After the Proposed Creditors Debt Settlement	1,367,952	1,137,545
To be issued pursuant to the Proposed Private Placement ⁽²⁾	236,462	24,474
After the Proposed Private Placement	1,604,414	⁽³⁾ 1,161,119

Notes:

- (1) Based on the issuance of 55,643,880 Creditors Settlement Shares at the Creditors Settlement Issue Price of RM0.0629 per share.
- (2) Based on the issuance of 236,461,500 Placement Shares at the indicative placement price of RM0.1035 per share.
- (3) After deducting RM900,000 estimated expenses for the Proposals.

6.2 NA and gearing

Based on the audited consolidated balance sheet of SHIB as at 31 December 2019, the pro forma effects of the Proposals on the NA and gearing of the SHIB are as follows:

	(I)	(II)	(III)
	Audited as at 31 December 2019 RM'000	After Proposed Creditors Debt Settlement RM'000	After Proposed Private Placement RM'000
Share capital	1,115,045	⁽¹⁾⁽²⁾ 1,137,545	⁽³⁾⁽⁴⁾ 1,161,119
Reserves	(568,468)	(568,468)	(568,468)
Accumulated losses	(354,767)	(354,767)	(354,767)
Shareholders' equity / NA	191,810	214,310	237,884
No. of ordinary shares in issue (`000)	1,122,308	⁽¹⁾⁽²⁾ 1,367,952	⁽³⁾ 1,604,414
NA per Share (RM)	0.17	0.16	0.15
Total borrowings (interest-bearing) (RM'000)	2,308	⁽⁵⁾ 2,308	⁽⁵⁾ 2,308
Gearing (times)	0.01	⁽⁵⁾ 0.01	⁽⁵⁾ 0.01

Notes:

- (1) After adjusting for issuance of 190,000,000 SHIB Shares at the issue price of RM0.10 per share pursuant to the conversion of SHIB RCN with nominal value of RM19,000,000.

- (2) Based on the issuance of 55,643,880 Creditors Settlement Shares at the Creditors Settlement Issue Price of RM0.0629 per share.
- (3) Based on the issuance of 236,461,500 Placement Shares at the indicative placement price of RM0.1035 per share
- (4) After adjusted for the estimated expenses of RM900,000 for the Proposals.
- (5) The Creditors Settlement Amount is non-interest bearing and therefore not included in the total borrowings of the Company as well as for the purpose of the computation of gearing.

6.3 Earnings and EPS

The Proposed Creditors Debt Settlement will not have any immediate material effect on the earnings and EPS of the Company for the FYE 2020.

For illustrative purposes only, based on the audited consolidated statement of comprehensive income of the Company for the FYE 2019, the pro forma effects of the Proposals on the consolidated EPS of the Company are as follows:

	(I) Audited as at 31 December 2019 RM'000	(II) After Proposed Creditors Debt Settlement RM'000	(III) After Proposed Private Placement RM'000
(Loss) attributable to the Owners of the Company	(183,749)	(183,749)	(183,749)
Weighted average number of Shares in issue ('000)	1,122,308	⁽¹⁾⁽²⁾ 1,367,952	⁽³⁾ 1,604,414
Consolidated EPS (sen)	(16.37)	(13.43)	(11.45)

Notes:

- (1) After adjusting for issuance of 190,000,000 SHIB Shares at the issue price of RM0.10 per share pursuant to the conversion of SHIB RCN with nominal value of RM19,000,000.
- (2) Based on the issuance of 55,643,880 Creditors Settlement Shares at the Creditors Settlement Issue Price of RM0.0629 per share.
- (3) Based on the issuance of 236,461,500 Placement Shares at the indicative placement price of RM0.1035 per share

The resultant increase in the number of SHIB Shares in issue pursuant to the Proposals may accordingly dilute the EPS of the Company if the earnings of the Company do not increase in tandem with such increase in the number of SHIB Shares. Nevertheless, the extent of dilution to the consolidated EPS of the Company is dependent upon, amongst others, the number of SHIB Shares to be issued pursuant to the Proposals vis-à-vis the future earnings of the Company.

6.4 Convertible Securities

Save for the SHIB RCN as disclosed below, the Company does not have any other existing convertible securities as at the date of this Circular:

Convertible	Amount (RM)	Status
SHIB RCN	21,000,000	Issued and redeemed/converted to SHIB Shares
	129,000,000	To be issued in tranches

The Proposed Creditors Debt Settlement will not give rise to adjustment to the number of SHIB RCN and will not give rise to adjustment to the conversion price of SHIB RCN.

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6.5 Substantial shareholders' shareholdings

SHIB is expected to comply with the minimum public shareholding spread requirements of 25.0% as stipulated in Rule 8.02(1) of the MMLR after the Proposals. The effect of the Proposals on the shareholdings of the substantial shareholders of SHIB, based on the register of substantial shareholders as at LPD, is set out below:

	As at LPD				After the Proposed Creditors Debt Settlement				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Rock Point Alliance Pte. Ltd.	285,000,080	21.72	-	-	285,000,080	20.83	-	-	285,000,080	17.76	-	-
Libran Infinity Inc	74,000,057	5.64	-	-	74,000,057	5.41	-	-	74,000,057	4.61	-	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	0.92	(1)304,492,259	23.20	12,073,700	0.88	(1)304,492,259	22.26	12,073,700	0.75	(1)304,492,259	18.98
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	1,221,500	0.09	(2)315,342,959	24.03	1,221,500	0.09	(2)315,342,959	23.05	1,221,500	0.08	(2)315,342,959	19.65
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar	1,166,500	0.09	(3)315,397,959	24.03	1,166,500	0.09	(3)315,397,959	23.06	1,166,500	0.07	(3)315,397,959	19.66
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	1,176,500	0.09	(4)315,387,959	24.03	1,176,500	0.09	(4)315,387,959	23.06	1,176,500	0.07	(4)315,387,959	19.66
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	1,154,250	0.09	(5)315,410,209	24.03	1,154,250	0.08	(5)315,410,209	23.06	1,154,250	0.07	(5)315,410,209	19.66
Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar	1,076,550	0.08	(6)315,487,909	24.04	1,076,550	0.08	(6)315,487,909	23.06	1,076,550	0.07	(6)315,487,909	19.66
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	100,200	0.01	(7)316,465,759	24.12	100,200	0.01	(7)316,465,759	23.13	100,200	0.01	(7)316,465,759	19.72
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	1,500	*	(8)308,810,230	23.53	1,500	*	(8)308,810,230	22.57	1,500	*	(8)308,810,230	19.25
Liu Guodong	-	-	(9)74,000,057	5.64	-	-	(9)74,000,057	5.41	-	-	(9)74,000,057	4.61

Notes:

* Negligible

(1) Deemed interested by virtue of:

- Him being the sibling to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
- Him being the father of Y.M. Tunku Mohamed Alauddin Tunku Naqiyuddin;
- Him being the spouse of Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
- His substantial shareholdings in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in SHIB;
- His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
- His direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
- His direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.

(2) Deemed interested by virtue of:

- Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
- Him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
- His substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
- His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
- Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
- Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.

(3) Deemed interested by virtue of:

- Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
- Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
- Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
- Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
- Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
- Her being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.

(4) Deemed interested by virtue of:

- Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
- Him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
- His substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
- His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
- Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
- Him being the sibling to Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.

- (5) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
 - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
 - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
 - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (6) Deemed interested by virtue of:
- Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Irimah Binti Tuanku Ja'afar;
 - Her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - Her substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
 - Her sibling's interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
 - Her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (7) Deemed interested by virtue of:
- Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar;
 - Her being the sister-in-law to Y.A.M. Tunku Irimah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar;
 - Her being the mother of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin;
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has substantial shareholdings in Syarikat Pesaka Antah Sdn Bhd which in turn holds shares in SHIB;
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
 - Her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (8) Deemed interested by virtue of:
- Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Y.M. Tunku Nurul Hayati Binti Tunku Bahador;
 - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in SHIB;
 - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in SHIB; and
 - Him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds the entire equity interest in Rock Point Alliance Pte Ltd.
- (9) Deemed interested pursuant to Section 8 of Companies Act, 2016 by virtue of his entire equity interest in Libran Infinity Inc which in turn holds shares in SHIB.

7. CONDITIONALITY OF THE PROPOSED CREDITORS DEBT SETTLEMENT

The Proposed CKS Debt Settlement, Proposed JAB Debt Settlement and Proposed OSE Debt Settlement are not inter-conditional upon each other.

The Proposed Creditors Debt Settlement is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

8. APPROVALS REQUIRED

The Proposed Creditors Debt Settlement is subjects to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Creditors Settlement Shares to be issued pursuant to the Proposed Creditors Debt Settlement on the Main Market of Bursa Securities which was obtained vide its letter dated 11 September 2020, subject to the following conditions;

<u>No.</u>	<u>Conditions</u>	<u>Status of compliance</u>
(i)	SHIB and M&A Securities must fully comply with the relevant provisions under the MMLR pertaining to the implementation of the Proposed Creditors Debt Settlement and Proposed Private Placement;	To be complied
(ii)	SHIB and M&A Securities are required to inform Bursa Securities upon the completion of the Proposed Creditors Debt Settlement and Proposed Private Placement;	To be complied
(iii)	M&A Securities is required to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Creditors Debt Settlement and Proposed Private Placement are completed;	To be complied
(iv)	M&A Securities must submit to Bursa Securities the placees' details in accordance with Paragraph 6.15 of the MMLR as soon as practicable after each tranche of placement and before the listing of the new Shares to be issued pursuant to the Proposed Private Placement; and	To be complied
(v)	SHIB is required to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the EGM for the Proposed Creditors Debt Settlement.	To be complied

- (ii) Shareholders' approval for the Proposed Creditors Debt Settlement at the forthcoming EGM of the Company to be convened;
- (iii) Written consent from Advance Opportunities Fund and Advance Opportunities Fund I (being the holders of the SHIB RCN), which has been obtained on 3 August 2020, for the Company to carry out the Proposed Creditors Debt Settlement and Proposed Private Placement, and to waive their rights of first refusal for the Placement Shares in accordance with the relevant covenants and the terms and conditions of the SHIB RCN's subscription agreement ("**AOF and AOF I Consent Letters**") ; and
- (iv) any other relevant authorities, if required.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders, chief executive and/or person connected with them have any interest, whether direct or indirect, in the Proposed Creditors Debt Settlement.

10. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save as disclosed below and the Proposed Creditors Debt Settlement (which is the subject matter of this Circular), the Board confirms that there is no other outstanding corporate proposal which has been announced but not yet completed as at the date of this Circular:

(i) Proposed diversification

On 28 July 2020, M&A Securities had, on behalf of the Board announced that SHIB proposes to undertake the proposed diversification of SHIB's existing core business to include the following:

- (a) technology solutions business comprising:-
 - information and communications technology solutions business and related businesses; and
 - electrical and electronics solutions business and related businesses;
- (b) food and beverage services business and related businesses.

(ii) Proposed change of name

On 28 July 2020, M&A Securities had, on behalf of the Board announced that SHIB proposed to change the name of the Company from "Sino Hua-An International Berhad" to "Techna-X Berhad".

(iii) Proposed acquisition of the entire equity interest in HK Aerospace

On 3 July 2020, the Board announced that SHIB had entered into the following:

- (a) Subscription agreement dated 3 July 2020 with Dr. Wan Muhamad Hasni Bin Wan Sulaiman, Nong You Hua, Satriya Bin Suetoh (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 purchase consideration of USD10.0 million; and
- (b) Share purchase agreement dated 3 July 2020 with the Vendors for the proposed acquisition of 20,000 ordinary shares, representing the entire 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 USD 25.0 million ("**HK Aerospace SPA**").

On 7 August 2020, the Board announced the following:

- (a) The Company, the Vendors and HK Aerospace had on 7 August 2020 entered into a Deed of Revocation to revoke and rescind the HK Aerospace SA subject to the terms and conditions as stipulated in the Deed of Revocation ("**Revocation of HK Aerospace SA**");

- (b) The Company and the Vendors had on 7 August 2020 entered into a Deed of Revocation to revoke and rescind the HK Aerospace SPA subject to the terms and conditions as stipulated in the Deed of Revocation ("**Revocation of HK Aerospace SPA**")
- (c) Subsequent to the execution of the Deed of Revocations for the Revocation of HK Aerospace SA and Revocation of HK Aerospace SPA, SHIB had on even date entered into a new share purchase agreement with the Vendors for the proposed acquisition of 20,000 ordinary shares in HK Aerospace, representing the entire equity interest in HK Aerospace, for a total purchase consideration of USD25.0 million ("**New HK Aerospace SPA**").

On 6 October 2020, the Board announced the following:

- (a) The Company had on 6 October 2020 entered into a Deed of Revocation with the Vendors to revoke and rescind the New HK Aerospace SPA subject to the terms and conditions as stipulated in the said Deed of Revocation.
- (b) On the even date, the Company had entered into a new share purchase agreement with Nong You Hua and Satriya Bin Suetoh for the proposed acquisition of 10,000 ordinary shares in HK Aerospace, representing 50% of the equity interest in HK Aerospace, for a total consideration of USD11.25 million (or RM46.69 million based on Bank Negara Malaysia's exchange rate of USD 1 : RM4.1500 as at the LPD) ("**Revised HK Aerospace SPA**").

(iv) Proposed private placement

On 21 April 2020, M&A Securities had, on behalf of the Board announced that the Company proposed to undertake a proposed private placement of up to 135,431,300 new Shares, representing approximately 12.07% of the Company's total number of issued Shares (excluding treasury shares, if any). The said proposal was proposed to be undertaken in accordance with the 20% General Mandate which was obtained from its shareholders at the 14th AGM convened on 6 July 2020.

On 14 July 2020, M&A Securities had, on behalf of the Board announced that the Board had resolved to increase the issue size of the proposed private placement which shall then involve the issuance of up to 172,817,600 Placement Shares, representing approximately 15.13% of the Company's total number of issued shares after taking into account inter-alia the demand for SHIB Shares.

On 3 August 2020, M&A Securities had, on behalf of the Board announced that, after assessing the current market conditions and the Company's funding requirements as well as taking into account inter-alia the demand of the SHIB Shares, the Board proposes to fully utilise the 20% General Mandate for the issuance of up to 236,461,500 Shares under the proposed private placement.

Bursa Securities had vide its letter dated 11 September 2020, resolved to approve the listing of and quotation for 236,461,500 SHIB Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities. As at LPD, SHIB had not issued any Shares under the Proposed Private Placement.

(v) Memorandum of understanding ("**MOU**") with Top Fruits Sdn Bhd ("**TFSB**") and Mybeecop Sdn Bhd ("**MSB**")

The Board had on 4 March 2020 announced that SHIB's wholly-owned subsidiary, Wavetree Technologies Sdn Bhd (formerly known as Fancy Celebrations Sdn Bhd) had on 4 March 2020 entered into a MOU with TFSB and MSB to collaborate and develop the smart modelling farming project via a digitised model for agriculture markets, riding on artificial intelligence enabled operating models, data analytics and internet of things to drive efficiency.

11. RECOMMENDATION AND BASIS OF RECOMMENDATION

The Board, after having considered all aspects of the Proposed Creditors Debt Settlement including but not limited to the capital structure of the Company, rationale and effects of the Proposed Creditors Debt Settlement, is of the opinion that the Proposed Creditors Debt Settlement is fair and reasonable and is in the best interests of the Company.

Therefore, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Creditors Debt Settlement at the EGM to be convened.

12. TIMEFRAME FOR COMPLETION / IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, our Board expects the Proposed Creditors Debt Settlement to be completed in the 4th quarter of 2020.

13. EGM

The EGM, the notice of which is enclosed together with this Circular, to be held at Banquet Hall, 2nd Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 17 November 2020 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution so as to give effect to the Proposed Creditors Debt Settlement.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Proxy Form to the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

14. FURTHER / ADDITIONAL INFORMATION

Please refer to the Appendix I and Appendix II set out in this Circular for further and additional information.

Yours faithfully,
For and on behalf of the Board of Directors of
SINO HUA-AN INTERNATIONAL BERHAD

Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR
Executive Chairman

PART B

**LETTER TO THE SHAREHOLDERS OF SHIB IN RELATION TO THE
PROPOSED CHANGE OF NAME**



SINO HUA-AN INTERNATIONAL BERHAD

[Registration No.: 200601012477 (732227-T)]
(Incorporated in Malaysia)

Registered Office:

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

16 October 2020

Board of Directors:

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Executive Chairman)
Liu Guodong (Managing Director)
Datuk Lim Chih Li @ Lin ZhiLi (Executive Director)
Lim See Tow (Independent Non-Executive Director)
Zhai Baoxing (Independent Non-Executive Director)
Balraj Singh Pannu A/L Gajjan Singh (Independent Non-Executive Director)

To: The Shareholders of SHIB

Dear Sir/Madam,

PROPOSED CHANGE OF NAME FROM "SINO HUA-AN INTERNATIONAL BERHAD" TO "TECHNA-X BERHAD"

1. INTRODUCTION

The Board had on 28 July 2020 announced that the Company proposed to change its name from "Sino Hua-An International Berhad" to "Techna-X Berhad".

THE PURPOSE OF THIS PART B OF THE CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED CHANGE OF NAME, TO SET OUT THE VIEW AND RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED CHANGE OF NAME 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 CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION TO GIVE EFFECT TO THE PROPOSED CHANGE OF NAME AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED CHANGE OF NAME

The proposed name "Techna-X Berhad" was approved and reserved by the Companies Commission of Malaysia ("CCM") on 28 July 2020 for a period of thirty (30) days from 28 July 2020 and the reservation of the proposed name was extended to 26 October 2020 (which may be further extended by the CCM). The Proposed Change of Name, if approved by the shareholders, will be effective from the date of the Notice of Registration of New Name to be issued by the CCM to the Company.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED CHANGE OF NAME

The Proposed Change of Name is to have a new corporate identity to better reflect SHIB Group's businesses and its future undertakings.

4. EFFECTS OF THE PROPOSED CHANGE OF NAME

The Proposed Change of Name will not have any effect on the issued share capital, NA, EPS, gearing and substantial shareholders' shareholdings of the Company.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVES AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executives and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Change of Name.

6. APPROVALS REQUIRED

The Proposed Change of Name is subject to and conditional upon approvals being obtained from the shareholders of SHIB at the forthcoming EGM to be convened and any other relevant authorities and/or parties, if required.

7. RECOMMENDATION AND BASIS OF RECOMMENDATION

The Board, having considered all aspects of the Proposed Change of Name including the rationale, justification and effects of the Proposed Change of Name, is of the opinion that the Proposed Change of Name is in the best interest of the Company.

Therefore, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Change of Name at the EGM to be convened.

8. EGM

The EGM, the notice of which is enclosed together with this Circular, to be held at Banquet Hall, 2nd Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 17 November 2020 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolution so as to give effect to the Proposed Change of Name.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Proxy Form to the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar

Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. The lodging of the Proxy Form will not, however, preclude you from attending the EGM and voting in person should you subsequently wish to do so.

9. FURTHER / ADDITIONAL INFORMATION

Please refer to the Appendix I and Appendix II set out in this Circular for further and additional information.

Yours faithfully,
For and on behalf of the Board of Directors of
SINO HUA-AN INTERNATIONAL BERHAD

Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR
Executive Chairman

APPENDIX I – FURTHER / ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accept full responsibility for the completeness and accuracy of the information contained in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts contained in this Circular, the omission of which would make any statement in this Circular false or misleading.

2. CONSENT AND DECLARATION

M&A Securities being the Principal Adviser for the Proposed Creditors Debt Settlement, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereon in the form and context in which they appear in this Circular.

M&A Securities, being the Principal Adviser for the Proposed Creditors Debt Settlement, do hereby confirm that, it is not aware of any circumstances or relationships which would give rise to a conflict of interest or potential conflict of interest situation in its capacity to act as the Principal Adviser of the Company for the Proposed Creditors Debt Settlement.

3. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of SHIB Shares as traded on Bursa Securities for the past 12 months are as follows:-

	<u>High</u>	<u>Low</u>
	<u>RM</u>	<u>RM</u>
<u>2019</u>		
October	0.1650	0.1150
November	0.1700	0.1300
December	0.1600	0.1250
<u>2020</u>		
January	0.1500	0.0900
February	0.1200	0.0750
March	0.0850	0.0350
April	0.1000	0.0500
May	0.1000	0.0800
June	0.1150	0.0800
July	0.1250	0.0800
August	0.1550	0.1000
September	0.1500	0.1050

(Source: Bloomberg)

The last transacted price of SHIB Shares on 20 April 2020, being the last day on which SHIB Share were traded, prior to the date of the initial announcement of the Proposed Creditors Debt Settlement, was RM0.0700 per SHIB Share.

The last transacted price of SHIB Shares on 30 July 2020, being the last day on which SHIB Share were traded, prior to the date of the announcement of the revised Proposals, was RM0.1150 per SHIB Share.

The last transacted price of SHIB Shares as at the LPD was RM0.1100 per SHIB Share.

APPENDIX I – FURTHER / ADDITIONAL INFORMATION (CONT'D)

4. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, either as the plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of our Group and our Board is not aware of any proceedings, pending or threatened against our Group, or of any other facts which is likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group.

5. MATERIAL COMMITMENT

Save as disclosed below and in Section 10(iii) of this Circular, as at the LPD, the Board is not aware of any material commitment, incurred or known to be incurred, which upon becoming enforceable may have a material impact on the results or financial position of the Group.

	<u>RM' million</u>
Purchase consideration of subsidiaries	
Contracted and provided for:	
- TouchPoint	36.0
- Wavetree PLT	36.0
- Craveat	1.6
- HumanCapient	14.5
- MD Labs	12.5
- HK Aerospace	46.7
Total	<u>147.3</u>

6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred by the Group which, upon becoming due or enforceable may have a material impact on the results or financial position of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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) from the date of this Circular up to the date of the EGM:

- (a) Constitution of SHIB;
- (b) Audited consolidated financial statements of SHIB for the FYE 2018 and 2019;
- (c) Unaudited consolidated financial statements of SHIB for the FPE 30 June 2020;
- (d) Consent letters and declarations referred to in Section 2 above; and
- (e) AOF and AOF I Consent Letters.

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT

1. DETAILS OF FUND RAISING EXERCISE OF SHIB FOR THE PAST 3 YEARS

Saved for the Proposed Private Placement (as disclosed in Section 10(iv) of this Circular) and SHIB RCN programme with an aggregate principal amount of up to RM150 million which was approved by the shareholders of SHIB on 5 September 2019, there were no other fund raising exercise undertaken by SHIB for the past 3 years.

The status of the SHIB RCN programme as at LPD is as follow:

No.	Tranche	Total Amount	Drawn Down Amount
		RM million	RM million
(a)	Tranche 1	⁽ⁱ⁾ 50	21
(b)	Tranche 2	⁽ⁱⁱ⁾ 50	-
(c)	Tranche 3	⁽ⁱⁱⁱ⁾ 50	-
	Total	150	21

Notes:-

- (i) comprising 50 equal sub-tranches of RM1 million each.
- (ii) comprising 50 equal sub-tranches of RM1 million each.
- (iii) comprising 50 equal sub-tranches of RM1 million each.

The status of the utilisation of proceeds from the issuance of SHIB RCN is as follows:

No.	Purposes	Proposed utilisation	Actual utilised	Balance unutilised	Expected timeframe for utilisation of proceeds
		RM million	RM million	RM million	(i)
(a)	Business expansion and working capital of TouchPoint	27.0	1.3	25.7	Within 18 months
(b)	Business expansion and working capital of Wavetree PLT	25.0	-	25.0	Within 18 months
(c)	Business expansion and working capital of Craveat Group within Malaysia	40.0	-	40.0	Within 18 months
(d)	Business expansion and working capital of Craveat Group in China	22.0	-	22.0	Within one (1) year
(e)	Working capital for SHIB's core business	26.2	18.0	8.2	Within one (1) year

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

No.	Purposes	Proposed utilisation	Actual utilised	Balance unutilised	Expected timeframe for utilisation of proceeds (i)
		RM million	RM million	RM million	
(f)	Estimated expenses in relation to the SHIB RCN				
	(i) Professional fees, regulatory fees, printing and advertising costs	1.6	1.0	0.6	Within one (1) month
	(ii) Upon issuance redemption and/or implementation of the SHIB RCN which includes, inter-alia, the administrative fees and the annual fee	8.2	0.7	7.5	Within two (2) year
	Total	150.0	21.0	129.0	

Note:-

- (i) From the date of drawdown.

2. HOW THE PROPOSALS WILL CREATE VALUE FOR SHIB AND SHAREHOLDERS OF SHIB

The Proposed Creditors Debt Settlement will relieve the financial pressure on SHIB's debt obligation to the Creditors without incurring additional debt and interest expenses as well as preserving cash and strengthening the Company's capital base.

On the other hand, the Proposed Private Placement will allow SHIB to raise the necessary funds for working capital which help facilitate SHIB's existing day-to-day operations as a whole by providing more flexibility in terms of cash flow management.

In view of all the above, the correspondence increase in cash reserve from both the Proposed Creditors Debt Settlement and Proposed Private Placement will therefore provide the Company with additional capital to overcome the economic and business challenges in light of the current economic situation brought about by the COVID-19 pandemic as well as channel towards expanding our Group's business. This will in turn boost the recovery of SHIB and allow SHIB to accomplish its long-term goal as well as increasing the value of the Company and shareholders.

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

3. What is the impact of the Proposals to the Company as well as the shareholders of SHIB

Both the Proposed Creditors Debt Settlement and Proposed Private Placement will result in an increase in the number of SHIB Shares in issue which may accordingly dilute the EPS of the Company if the earnings of the Company do not increase in tandem with such increase in the number of SHIB Shares. Nevertheless, the Proposed Creditors Debt Settlement and Proposed Private Placement are expected to create values to the shareholders as stipulated under Section 2 above.

4. Adequacy of the Proposals to address the financials of the Company

As at 30 June 2020, the Group total borrowing stood at RM2.41 million consists of short term borrowing. On the other, the cash position of the Group is as follows:-

	Unaudited 30 June 2020 RM'000
Cash and bank balances	8,821
Fixed deposits with licensed banks	1,420
Less:	
Fixed deposits pledged with licensed banks	-
Total	10,241

The net working capital of the Group is at deficit of RM47.63 million (computed based on RM83.42 million current assets less RM131.05 million current liabilities).

The Proposed Creditors Debt Settlement will allow the Group to reduce its current liabilities by RM3.50 million. On the other hand, the Group will raise approximately RM24.47 million (based on the indicative placement price of RM0.1035 per share) from the Proposed Private Placement. Based on the foregoing, the deficit net working capital of the Group will be reduced to RM19.66 million.

Additionally, a balance of RM8.2 million of the utilisation of proceeds raised from the issuance of SHIB RCN is to be utilised for working capital of the Group.

Based on the above, the Company is of the view that, the Proposals will be adequate to address the financials of the Company.

5. Breakdown of the utilisation of proceeds from the Proposed Private Placement

Utilisation of proceeds	Note	RM'000	Expected time frame for the utilisation of proceeds (from listing date)
(i) Working capital:			Within 12 months
Settlement of trade and other creditors	(a)	13,000	

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

Utilisation of proceeds	Note	RM'000	Expected time frame for the utilisation of proceeds (from listing date)
Recruitment of technical experts and information technology personnel		3,500	
Staff salaries and statutory contributions		6,900	
Others general working capital	(b)	174	
		23,574	
<u>(ii) Estimated expenses for the Proposals:</u>	(c)		Within 1 month
Principal Adviser fee			
- Advisory fee		170	
- Placement fee		580	
Legal fee		100	
Authority fee		50	
		900	
Total estimated proceeds		24,474	

Notes:-

- (a) The proceeds earmarked for settlement of trade and other creditors are broken down as follows:

No.	Description	RM'000
(i)	Suppliers of raw ingredients for food and beverage business	8,000
(ii)	Rental of operating premises for food and beverage business	5,000
	Total	13,000

- (b) Consists of other working capital requirement such as utilities bills, travelling expenses and office related expenses.
- (c) The estimated expenses of RM900,000 consist of fees payable to the relevant authority, advisers and placement fees. Any variation in the actual amount of expenses will be adjusted to/from the amount allocated for working capital of SHIB.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the actual number of Placement Shares to be issued and the issue price of the Placement Shares. Any excess or shortfall of the actual proceeds raised will be adjusted to/from the amount earmarked for the working capital.

Pending the full utilisation of the proceeds raised from the Proposed Private Placement, the Company intends to place these proceeds (including accrued interest, if any) or the balance

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

thereof in interest-bearing deposit accounts with licensed financial institution(s) or in short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the SHIB.

6. Breakdown of the utilisation of borrowing from the Creditors

The borrowings from the Creditors were primarily used for the Group's short term capital requirements as follows:-

Utilisation of proceeds	Note	RM'000
Staffs salaries		2,996
Company Secretary's fee		18
Audit and tax fee		27
Rental		152
Legal		64
Compliance costs		164
Others	(a)	79
Total		3,500

Notes:

- (a) Consists of other working capital requirement such as utilities bills, travelling expenses and office related expenses.

7. Why did the Company had to resort to borrowing from the Creditors

The Company periodically experience timing differences between the collection from its trade debtors and payment to its trade creditors. This is intensified by losses incurred in the core business of the Company i.e. manufacturing and sales of metallurgical coke and other related by-products.

In addition, the Company's operations are primarily based in China where transactions are undertaken in Renminbi. Therefore any fund transfer from overseas are relatively costly and time consuming.

In this respect, the Company had managed to secure short term assistance from the Creditors to meet the Company's operational obligation on a timely basis.

The borrowing from the Creditors had allowed the Company to bridge the timing differences between the collection from its trade debtors and payment for its operational obligation instead of purely funding its additional working capital needs via debt which was challenging and costly for the Company to obtain given the domestic and international economic condition at that point in time.

8. Justification for agreeing to Proposed Creditors Debt Settlement

The Proposed Creditors Debt Settlement was agreed upon in order for SHIB to conserve cash to overcome the economic and business challenges in light of the current economic situation brought about by the COVID-19 pandemic.

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

9. Reviews on the financial performance and financial position of SHIB

The audited financial information of SHIB for the FYE 31 December 2017, FYE 31 December 2018, FYE 31 December 2019 and 6-months financial period ended 30 June 2020 are as follows:-

Statement of Profit and Loss

	Audited			Unaudited
	FYE 31 December			FPE 30 June
	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000
Revenue	891,691	996,388	787,785	199,993
Cost of sales	(790,828)	(950,324)	(834,117)	(234,821)
Gross (loss)/profit (" GP ")	100,863	46,064	(46,332)	(34,828)
Other income	2,039	928	1,298	772
Administrative and operating expenses	(21,869)	(22,622)	(132,344)	(35,559)
Share of associate's results	-	-	(4)	(25)
Finance costs	(226)	(1,157)	(195)	(3,571)
Profit before tax (" PBT ") / (Loss) before tax (" LBT ")	80,807	23,213	(177,577)	(73,211)
Taxation	-	6,382	(6,172)	(91)
Profit after tax ("PAT") / (Loss) after tax ("LAT")	80,807	29,595	(183,749)	(73,302)
EPS (sen)	7.20	2.64	(16.37)	(6.42)
<i>GP margin (%)</i>	<i>11.31</i>	<i>4.62</i>	<i>(5.88)</i>	<i>(17.50)</i>
<i>PBT/(LBT) margin (%)</i>	<i>9.06</i>	<i>2.33</i>	<i>(22.54)</i>	<i>(38.37)</i>
<i>PAT/(LAT) margin (%)</i>	<i>9.06</i>	<i>2.97</i>	<i>(23.32)</i>	<i>(38.46)</i>

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APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

Statements of Financial Position

	Audited			Unaudited
	FYE 31 December			FPE 30
	2017	2018	2019	June
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	187,438	168,877	83,818	80,038
Prepaid lease payments	30,703	28,540	26,794	27,185
Investment in an associate	-	-	150	125
Right-of-use assets	-	-	5,720	4,691
Intangible assets	-	-	88,187	88,187
Deferred tax assets	-	6,338	143	-
Total Non-Current Assets	218,141	203,755	204,812	200,226
Current Assets				
Inventories	70,515	97,114	56,149	26,349
Trade receivables	100,350	119,294	55,369	39,302
Other receivables	25,107	36,736	21,962	6,792
Amount owing by related parties	15,556	-	-	-
Tax recoverable	-	-	509	738
Cash and cash equivalents	20,472	19,366	14,984	10,241
Total Current Assets	232,000	272,510	148,973	83,422
TOTAL ASSETS	450,141	476,265	353,785	283,648
EQUITY				
Share capital	1,115,045	1,115,045	1,115,045	1,117,045
Reserves	(549,730)	(563,134)	(568,468)	(563,469)
Accumulated losses	(200,613)	(171,018)	(354,767)	(428,069)
Total equity	364,702	380,893	191,810	125,507
LIABILITIES				
Non-current liabilities				
Other payables	-	-	23,370	23,370
Deferred tax liabilities	-	-	163	256
Lease liabilities	-	-	4,522	3,464
Total Non-Current Liabilities	-	-	28,055	27,090

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

	Audited			Unaudited
	FYE 31 December			FPE 30
	2017	2018	2019	2020
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Trade payables	31,328	54,887	43,573	40,262
Other payables	29,143	16,422	82,114	84,948
Lease liabilities	-	-	2,047	2,072
Amount owing to a Director	8	8	8	8
Amount owing to a subsidiary company	-	-	-	-
Borrowings	24,960	24,055	2,308	2,413
Redeemable convertible notes	-	-	3,771	1,000
Provision for taxation	-	-	99	348
Total Current Liabilities	85,439	95,372	133,920	131,051
Total Liabilities	85,439	95,372	161,975	158,141
TOTAL EQUITY AND LIABILITIES	450,141	476,265	353,785	283,648

No. of Shares ('000)	1,122,308	1,122,308	1,122,308	1,142,308
NA per Share (sen)	32.50	33.94	17.09	10.99
Total borrowings	24,960	24,055	2,308	2,413
Gearing (times)	0.07	0.06	0.01	0.02

FYE 2017

For the FYE 2017, the Group registered consolidated revenue of RM891.7 million. This represents a significant increase of approximately 21.98 times from RM40.6 million recorded in the preceding financial year. Such an increase in revenue was primarily attributed to the fact that the Group has resumed its coke business operations in February 2017, following the expiry of its one-year leasing arrangement in respect of its operationalized coke ovens which covered a substantial part of the FYE 2016. As a consequence thereof, throughout FYE 2016 the Group was only able to earn transactional revenue from only a one-month period.

In addition to the above, given the fact that the steel and coke industry have substantially recovered in FYE 2017, the Group saw a 191% increase in the average price of coke from RMB679/tonne to RMB1,981/tonne during the relevant month(s) in FYE 2016 and FYE 2017, respectively. The resurgence of the industry from its doldrums has also seen a 103% improvement in the price of tar oil which contributed approximately 6% of the total revenue of the Group. Such supplemented contribution was more than sufficient to negate the effects of a 28% decrease seen in the price of coal gas which represented approximately 7% of the total revenue.

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

In tandem with the substantial increase in the average price of coke mentioned above, the average prices of coking coal, being the primary raw material for the production of metallurgical coke, has also increased 119% from RMB561/tonne to RMB1,229/tonne during the relevant month(s) in FYE 2016 and FYE 2017, respectively. With such increase in the average price of coking coal, the cost of sales recorded by the Group has also increased 17.41 fold accordingly to RM790.8 million in this financial year under review from RM45.4 million recorded in the preceding financial year. Based on the foregoing, the Group turned in a remarkable gross profit of approximately RM100.9 million for this FYE 2017 as compared to a loss of RM4.8 million in the preceding financial year.

During the current financial year, the Group earned a relatively meager other income amounting to approximately RM2.0 million compared to approximately RM15.2 million derived in the preceding year. The seemingly exceptionally high other income recorded in the preceding year was primarily due to the lease rental received from the operationalized coke ovens that were leased out during that year in question. However, other income has normalized in the current financial year to only include the typical disposal of scrap metals, miscellaneous items and penalty imposed on staff for violation of any company policies.

Operating expenses for the current financial year has also normalized to approximately RM21.9 million, a stark reduction from RM237.8 million incurred by the Group in the preceding financial year. The latter seemingly hefty operating expenses was primarily due to the impairment made on some of the trade receivables and property, plant and equipment (PPE) during the said preceding financial year which was beleaguered by the then challenging business environment and unfavourable industry landscape.

Premised on the above, with the inclusion of the Group's other income, operating expenses and finance costs, the Group recorded a commendable profit for the year amounting to approximately RM80.8 million and earnings per share of 7.20 sen during this current FYE 2017. In contrast, the Group suffered a substantial loss for the year amounting to approximately RM227.5 million and a loss per Share of 20.27 sen in the preceding financial year.

As a result of the healthy and restored financial results of the Group as described above, the Group's financial position remained robust in this financial year. Total assets of the Group stood at RM450.1 million while its total liabilities accounted for only RM85.4 million.

Components of working capital, in particular inventories, trade receivables, other receivables, deposits and prepayments have increased multiple folds in this financial year compared to those in the preceding FYE 2016. Such increases are consequential effects from the recommencement of the coke operations and the ramping up of its production level by the Group in this financial year after protracted periods of inactivity following the lease arrangement in the prior year. In addition to the above, the Group has also raised approximately RM25.0 million of short-term working capital facility during the financial year to further buttress and facilitate the rapid ramping up of the production level.

Premised on the above, the Group's shareholders' fund stood at RM364.7 million, representing an improvement of 24% over that recorded in the preceding year of RM295.0 million. The abovementioned increase was attributed to the improvements in the retained earnings as a result of the profits generated during the FYE 2017. Accordingly, the net assets per Share of the Group stood at RM0.32 per share as at FYE 31 December 2017.

FYE 2018

In the FYE 2018, the Group registered consolidated revenue of RM996.4 million. This represents an increase of approximately 11.7% from RM891.7 million recorded in the preceding financial year. Such increase in revenue can be attributed primarily to the fact that

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

the Group did not have a complete 12-month revenue recognition in the preceding FYE 2017 (recap: the Group resumed its coke business operations sometime in February 2017 following the expiry of the leasing arrangement in respect of its operationalised coke ovens) compared to the operations in the current financial year. Notwithstanding the above consequential lowered overall sales volume in the preceding FYE 2017, the average coke price during the current financial year has declined by approximately 3.9% to RMB1,905/tonne from RMB1,981/tonne in FYE 2017. The slack resulting from the aforesaid slide in average coke price was fortunately picked up to some extent by the overall increase in the prices of the by-products, i.e. tar oil at 14.3%, ammonium sulphate at 10.9% and coal gas at 21.2%, respectively.

The abovementioned "lack of a complete 12-month operation" phenomenon in the preceding FYE 2017 had inherently resulted in an overall reduced cost of sales during that year compared to what was registered in the current FYE 2018. Cost of sales in the current FYE 2018 stood at RM950.3 million, representing an increase of approximately 20.2% from RM790.8 million recorded in the FYE 2017. Such an increase was also supported by the hike in the average price of raw material, namely coking coal, which saw an increase of approximately 5.2% from RMB1,229/tonne in FYE 2017 to RMB1,292/tonne FYE 2018.

Premised on the above, the Group turned in a gross profit of approximately RM46.1 million for the current FYE 2018. This was however significantly lower than that registered in the preceding financial year of RM100.9 million for the very reason that the bullish sentiments seen in the coke industry in FYE 2017 was ephemeral and did not continue into the FYE 2018.

During the current financial year, the Group earned a relatively meagre other income amounting to approximately RM0.9 million compared to RM2.0 million derived in the preceding financial year. Other income is derived mainly from the periodic disposal of scraps and miscellaneous items as well as penalties/fines imposed on staff for any violation of company policies and rules.

Administration and operating expenses for the current financial year was recorded at approximately RM22.6 million, representing a slight increase of 3.2% from approximately RM21.9 million in the preceding financial year. Administration and operating expenses constitute general administrative and sales expenses, social development contributions, etc.

Finance cost is primarily attributed to the interest element of the RMB40.0 million short term loan facility procured by Linyi Yehua Coking Co. Ltd. (the Group's wholly-owned subsidiary) sometime late September 2017. As a result thereof, the finance cost recorded in the FYE 2017 amounting to approximately RM0.2 million was attributed to only about 3 months remaining period of the year compared to that in the FYE 2018 of approximately RM1.2 million whereby a full 12-month interest period was included.

Towards this end, with the inclusion of the Group's other income, administration and operating expenses and finance cost, the Group still managed to turn in a relatively decent profit before taxation of approximately RM23.2 million.

The above Group's profit was further elevated with a credit of approximately RM6.4 million resulting from the recognition of previously unrecognised deferred tax asset (unutilised tax losses which are eligible to be carried forward for future utilisation) in the current financial year.

As a result thereof, the Group registered a profit for year of approximately RM29.6 million and earnings per share of 2.64 sen during the current financial year, despite being beset with challenging business environment and headwinds during such period. This is in contrast to the profit of approximately RM80.8 million and earnings per Share of 7.20 sen recorded in the relatively fruitful and lucrative preceding financial year.

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

The Group's financial position continued to remain robust in the current financial year, with its total assets standing at approximately RM476.3 million in comparison to its total liabilities which amounted to only approximately RM95.4 million.

Given the fact that there were no significant addition of land or property, plant and equipment during the current financial year, non-current assets of the Group naturally declined by virtue of the effects of depreciation/amortisation, thus registering an amount of approximately RM197.4 million (excluding the deferred tax asset of RM6.3 million), compared to RM218.1 million in the preceding financial year. Components of working capital, in particular inventories, trade receivables, trade payables, etc have shown an increase as a result of a relatively larger transactional volume accorded in this financial year compared to that of the preceding financial year (due to the abovementioned "lack of a complete 12-month operation" phenomenon).

The borrowings are attributed to the short-term loan facility of RMB40.0 million (amounted to approximately RM24.1 million upon translation of foreign currency exchange between RMB and RM).

Premised on the above, the Group's shareholders' fund stood at approximately RM380.9 million, representing an increase of approximately 4.4% over that recorded in the preceding financial year of approximately RM364.7 million. The said increase was attributed to the net incremental effect emanating from improvements in the retained earnings and the exchange differences arising from translation of foreign currency wherein the Renminbi had devalued against the RM in the current financial year. Accordingly, the net assets per share of the Group stood at RM0.34 per share as at 31 December 2018, up from RM0.32 per share as at the preceding financial year.

FYE 2019

As the acquisition of the TouchPoint and Craveat were completed on 19 December 2019 and 15 October 2019 respectively, the financials contributions from these new business offerings in this financial year (FYE 2019), relative to that of the Group's metallurgical coke business, are inconsequential.

Given the financial performance of the Group in FYE 2019 was substantially driven by the battered coke business, as described in detail above, the Group found itself in the red, recording a considerably large consolidated loss for the year amounting to RM183.75 million. In addition to the precipice of the waning coke business throughout the financial year, the Group's dismal financial result was further weighted down by the impairment of some of its assets and receivables. This is in stark contrast to the financial performance of the Group registered in the preceding financial year with a consolidated profit of RM29.60 million. Notwithstanding the poor showing of the coke business, the newly acquired casual dining food and beverage businesses managed to contribute some RM1.03 million in profit (which accounted for only two months of results by virtue of the completion date of the acquisition in October 2019) to the Group.

The dismal financial performance of the Group for FYE 2019 was a culmination of various factors. Its consolidated revenue during the year stood relatively lower at RM787.79 million in comparison to that recorded in the preceding financial year of RM996.39 million, representing a year-on-year decline of approximately 21%. This was attributed to a 20% decline in annual sales volume from 844,224 tonnes in FYE 2018 to 677,521 tonnes in FYE 2019 as well as a weakened average coke price of approximately 2.3% from RMB1,905/tonne in FYE 2018 to RMB1,862/tonne in FYE 2019. Concurrently, the overall contribution from by-products also fell during the current year, with the average price of tar oil falling 11% and ammonium sulphate 9% compared to those of the preceding year. Only the average price of coal gas saw an increase of about 8%, the quantum of which unfortunately was

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

inconsequential to provide any meaningful inertia to buttress the languid revenue of the Group. The casual dining food & beverage business on the other hand had contributed approximately RM5.58 million in terms of revenue (in its relevant two months period) to the Group's consolidated revenue.

In tandem with the reduction in sales and production volume of coke, the cost of sales also saw an inherent reduction. The lower cost of sales of approximately 12%, from RM950.32 million in the preceding year to RM834.12 million in the current year under review, was somewhat checked by an overall increase in the average price of raw materials, namely coking coal, of approximately 3% from RMB1,292/tonne in FYE 2018 to RMB1,328/tonne in FYE 2019.

Premised on the pricing dynamics of coke and coal as described above, it is apparent that the whilst the average coke prices had fallen, the average coal prices had risen, thus further squeezing the Group's coke manufacturing margin, an undesirable phenomenon that had beset the entire industry. As a result thereof, the Group turned in a gross loss position of RM46.33 million for the current financial year, as opposed to a Gross Profit of RM46.06 million in the preceding financial year.

During the current financial year, the Group earned a relatively meagre other income amounting to approximately RM1.30 million compared to RM928 thousand derived in the preceding financial year. Other income was derived mainly from the periodic disposal of scraps and miscellaneous items as well as penalties/fines imposed on staff for any violation of company policies and rules.

Administration and operating expenses for FYE 2019 were substantially higher than that recorded in the preceding year. This was primarily attributed to an increase in depreciation charges for the year and the impairments made on its coke manufacturing assets and receivables, given the predicament and challenges facing the industry as well as the seemingly lack of clear visibility in regards to the perceivable turnaround of the coke industry. Such impairments are deemed necessary and in line with the Group continued assessment on all aspects of its assets life-cycle based on market changes and views such impairment assessment as a healthy industry practice. The impairment recorded, which has no impact on cash, served to create a relatively lighter asset base for the Group by reducing the total carrying value and depreciation charge, going forward. This will thus enable the Group to operate at a lower cost base in the future while enhancing its competitiveness for growth and at the same time improve profitability in the future.

Finance cost in the current financial year is substantially lower than that in the preceding year. This is mainly due to the fact that the short-term loan facility of RMB40.0 million (amounted to approximately RM24.1 million upon translation of foreign currency exchange between RMB and RM) has been fully settled in February 2019. In this regard, finance cost recorded in the current financial year is therefore attributed to the interest/coupon element of the drawdown portion (i.e. RM5.0 million) of the SHIB RCN which remained outstanding during the period.

Towards this end, with the inclusion of the Group's other income, administration and operating expenses and finance cost, the Group turned in a consolidated loss for the FYE 2019 of RM183.75 million, as opposed to a consolidated profit for the year of RM29.60 million in the preceding financial year. This translates to a loss per share of 16.37 sen compared to earnings per share of 2.64 sen in the preceding year.

Consequential to the weak financial performance registered by the Group during the current year, its balance sheet position was admittedly dented to some degree. Regardless, the Group's financial position is still relatively respectable with its total assets of RM353.79 million eclipses its total liabilities of RM161.98 million by 2.2 times.

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

The application of the asset impairment exercise to better reflect the value of its assets as mentioned above, had resulted in the Group's non-current assets being considerably downsized, but the extent of which was mitigated by the acquisition of the new businesses, these of which enabled to Group to recognise an asset value (in the form of goodwill on consolidation and intangible assets) of approximately RM88.19 million.

Components of working capital, in particular inventories, trade receivables, other receivables, trade payables, etc have all shown a systematic decrease by virtue of the fact that the coke business activities and its sales and production volume have declined in this current year relative to level that it achieved in the preceding year. Notwithstanding the above, the other payables and accrued expenses category saw a substantial increase in this current financial year to RM105.48 million from RM16.42 million last year, and this can be primarily attributed to the deferred settlement of the purchase consideration successfully negotiated by the Group for its acquisition of the new businesses from their vendors.

Short term bank loan of RM24.10 million shown in the preceding year (equivalent to RMB40.0 million based on the relevant the RMB/RM exchange rate) relates to the short-term loan facility attributed to the coke business, which have since been fully settled and extinguished by the Group in February 2019 and thus no longer appear in the current year. The amount of RM2.31 million seen as short-term bank loan in the current year relates solely to the subsisting bank borrowings of the new businesses that the Group had acquired and that such amount will be fully settled and extinguished by the vendors immediately after the Group pays the relevant balance of the purchase consideration to the vendors.

The amount represented by the RCN under non-current liabilities is attributable to the portion of the subsisting SHIB RCN (with a total nominal value of RM5.0 million) that was drawdown and subscribed but remained unconverted as at FYE 2019.

Premised on the above, the Group's shareholders' fund for the current financial year stood at RM191.81 million, representing a decrease of approximately 49.64% over that recorded in the preceding financial year of approximately RM380.89 million. The said decrease was attributed to the net decremental effect emanating from the deterioration in retained earnings and the exchange differences arising from translation of RMB/RM. Accordingly, the net assets per share of the Group stood at RM0.17 per share as at 31 December 2019, down from RM0.34 per share as at the preceding financial year.

FPE 30 June 2020

During the first half of 2020, the Group continued to suffer a considerably large consolidated loss for the period amounting to RM73.2 million, compared to RM11.7 million in the same period last year. The abovementioned loss represented the results of the devastating COVID-19 pandemic which swept across the entire world, in addition to the waning coke business during the period under review. While the coke business weighted down the Group's financials with a loss of RM66.6 million in the first half of 2020, its casual dining food & beverage businesses and IoT business also further accentuated the losses to the tune of RM6.6 million to the Group as a whole.

The Group's major operation in coke business recorded revenue of approximately RM191.0 million in the current period compared to the preceding year corresponding period of approximately RM472.7 million. Such significant reduction in revenue was primarily attributed to significant drop in sales volume compared to that achieved in the corresponding period of 2019 as a result of lower demand of coke in the midst of the pandemic as well as the government policy of curbing production of highly polluting industry especially those located in the populated areas. The average selling price of metallurgical coke also saw a reduction coupled with significantly lower contribution from its by-products. In addition, the food & beverage business was also seriously affected by the movement control order implemented

APPENDIX II – ADDITIONAL INFORMATION FOR CONSIDERATION OF THE PROPOSED CREDITORS DEBT SETTLEMENT (CONT'D)

on 18 March 2020, while the country is still under the recovery movement control order until 31 December 2020 despite several relaxation measures have been implement. The food & beverage was largely dependent on the delivery service during such unprecedented period and was only able to contribute approximately RM8.5 million in its revenue, whilst the IoT business had contributed approximately RM493 thousand to the consolidated revenue of the Group, both of which accounted for approximately 4.2% and 0.2% respectively of the total consolidated revenue for the period under review.

The cost of sales was mainly attributed to that relating to the coke business. The Group's cost of sales saw a significant decrease of approximately 51% from about RM476.3 million in the previous year corresponding period to about RM234.8 million in the current period under review. Such a reduction was predisposed in tandem with the abovementioned reduction in sales volume generated by the coke business as well as the fall in the average coal price in the previous year corresponding period compared to the current period under review. The food & beverage business on the other hand recorded a cost of sales of approximately RM3.1 million whilst the IoT business recorded about RM157 thousand during the period under review.

Operating expenses incurred by the Group were much higher at approximately RM35.6 million in the current period under review. This was mainly due to the additional expenses incurred in relation to the dry quenching facility of the coke business. The food & beverage business and IoT business on the other hand have collectively chipped in approximately RM8.2 million to the Group's operating expenses during the first half of 2020, these of which include rental, staff salary, depreciation, minor repair and maintenance, electricity charges, etc.

After taking into consideration all of the above financial components, the Group turned in a dismal net loss for the period of approximately RM73.3 million in the first half of 2020 compared to approximately RM11.7 million in the preceding year corresponding period.

Non-current asset of the Group as of 30 June 2020 stood at around RM200.0 million compared to RM205.0 million at the end of FYE 2019. Inventories are in the declining trend as the result of lower production for the metallurgical coke during the first half of 2020 when less raw materials were required. Trade receivables were lower due to more aggressive collection effort right after the peak of the pandemic in China. Cash and bank balances reduced due to continuing depletion of cash during such trying period. Trade payables also reduced slightly as at end of 30 June 2020.

Following the conversion of some RCN during the first half of 2020, the share capital was increased accordingly from RM1,115.0 million at the end of FYE 2019 to RM1,117.0 million as of June 2020. Lower shareholders' fund of approximately 35% from RM191.8 million as at end of FYE 2019 to RM125.5 million as at end of June 2020 was mainly due to the net loss of RM73.3 million incurred during the first half of 2020 after taking into consideration of the exchange difference arising from the translation of foreign operations. Accordingly, the net assets per share of the Group stood at RM0.11 per share as at 30 June 2020, down from RM0.17 per share as at 31 December 2019.

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SINO HUA-AN INTERNATIONAL BERHAD

[Registration No.: 200601012477 (732227-T)]
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Sino Hua-An International Berhad ("**SHIB**" or the "**Company**") to be held at Banquet Hall, 2nd Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 17 November 2020 at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

ORDINARY RESOLUTION 1

PROPOSED SETTLEMENT OF RM1,500,000 DEBT OWING TO CHAN KOK SAN ("CKS**") BY THE COMPANY, VIA THE ISSUANCE OF 23,847,377 NEW ORDINARY SHARES IN SHIB ("**SHIB SHARE(S)**" OR "**SHARE(S)**") AT AN ISSUE PRICE OF RM0.0629 PER SHARE ("**PROPOSED CKS DEBT SETTLEMENT**")**

"THAT, subject to the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to the Board of Directors of the Company ("**Board**") for the following:

- (i) the issuance by SHIB of 23,847,377 Shares ("**CKS Settlement Shares**") to CKS at an issue price of RM0.0629 per Share, as settlement of the amount totalling RM1,500,000 owing by the Company to CKS;
- (ii) the CKS Settlement Shares to be issued pursuant to the Proposed CKS Debt Settlement shall be listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"); and
- (iii) such CKS Settlement Shares shall, upon issuance and allotment, rank pari passu in all respects with the then existing ordinary shares in SHIB, save and except that the CKS Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such CKS Settlement Shares;

AND THAT the Board be and is hereby empowered and authorised to do all acts and things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company, with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities in order to finalise, implement and/or give full effect to the Proposed CKS Debt Settlement."

ORDINARY RESOLUTION 2

PROPOSED SETTLEMENT OF RM1,027,700 DEBT OWING TO JALEELUDEEN BIN ABU BAKER ("JAB**") BY SHIB'S SUBSIDIARY, VIA THE ISSUANCE OF 16,338,633 NEW SHARES AT AN ISSUE PRICE OF RM0.0629 PER SHARE ("**PROPOSED JAB DEBT SETTLEMENT**")**

"THAT, subject to the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to the Board for the following:

- (i) the issuance by SHIB of 16,338,633 Shares ("**JAB Settlement Shares**") to JAB at an issue price of RM0.0629 per Share, as settlement of the amount totalling RM1,027,700 owing by SHIB's subsidiary to JAB;
- (ii) the JAB Settlement Shares to be issued pursuant to the Proposed JAB Debt Settlement shall be listed on the Main Market of Bursa Securities; and

- (iii) such JAB Settlement Shares shall, upon issuance and allotment, rank pari passu in all respects with the then existing ordinary shares in SHIB, save and except that the JAB Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such JAB Settlement Shares;

AND THAT the Board be and is hereby empowered and authorised to do all acts and things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company, with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities in order to finalise, implement and/or give full effect to the Proposed JAB Debt Settlement."

ORDINARY RESOLUTION 3

PROPOSED SETTLEMENT OF RM972,300 DEBT OWING TO ONG SING ENG ("OSE") BY THE COMPANY, VIA THE ISSUANCE OF 15,457,870 NEW SHARES AT AN ISSUE PRICE OF RM0.0629 PER SHARE ("PROPOSED OSE DEBT SETTLEMENT")

"THAT, subject to the approvals of all relevant parties and/or authorities being obtained (where required), approval be and is hereby given to the Board for the following:

- (i) the issuance by SHIB of 15,457,870 Shares ("**OSE Settlement Shares**") to OSE at an issue price of RM0.0629 per Share, as settlement of the amount totalling RM972,300 owing by the Company to OSE;
- (ii) the OSE Settlement Shares to be issued pursuant to the Proposed OSE Debt Settlement shall be listed on the Main Market of Bursa Securities; and
- (iii) such OSE Settlement Shares shall, upon issuance and allotment, rank pari passu in all respects with the then existing ordinary shares in SHIB, save and except that the OSE Settlement Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of such OSE Settlement Shares;

AND THAT the Board be and is hereby empowered and authorised to do all acts and things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company, with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities in order to finalise, implement and/or give full effect to the Proposed OSE Debt Settlement."

SPECIAL RESOLUTION

PROPOSED CHANGE OF NAME OF THE COMPANY

"THAT the name of the Company be changed from "Sino Hua-An International Berhad" to "Techna-X Berhad" ("**Proposed Change of Name**") effective from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company.

AND THAT the Directors and/or the Secretaries of the Company be and are hereby authorised and empowered to carry out all the necessary steps and formalities in effecting the Proposed Change of Name."

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)

CHIN MUN YEE (SSM PC NO. 201908002785) (MAICSA 7019243)

Company Secretaries

Kuala Lumpur
16 October 2020

Notes:

1. *In respect of deposited security, only members whose names appear in the Record of Depositors on 11 November 2020 ("**EGM Record of Depositors**") shall be eligible to attend the EGM.*
2. *A member entitled to attend and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the EGM shall have the same rights as the member to attend, participate, speak and vote at the EGM.*
4. *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, either executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
7. *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of EGM and convening the EGM, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.*



SINO HUA-AN INTERNATIONAL BERHAD

[Registration No.: 200601012477 (732227-T)]
(Incorporated in Malaysia)

PROXY FORM

No. of shares held

CDS Account No.											
			-			-					

I / We _____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Company Registration No./ Passport No. _____)

of _____
(FULL ADDRESS)

being a member/members of **SINO HUA-AN INTERNATIONAL BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholdings to be Represented
Address		

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Banquet Hall, 2nd Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 17 November 2020 at 10.00 a.m..

** Please delete the words "the Chairman of the Meeting" if you wish to appoint some other person to be your proxy.*

Resolutions		FOR	AGAINST
Ordinary Resolution 1	PROPOSED CKS DEBT SETTLEMENT		
Ordinary Resolution 2	PROPOSED JAB DEBT SETTLEMENT		
Ordinary Resolution 3	PROPOSED OSE DEBT SETTLEMENT		
Special Resolution	PROPOSED CHANGE OF NAME		

(Please indicate with a cross "X" in the spaces provided whether you wish your votes to be cast for or against the Resolution. If in the absence of specific directions, your proxy will vote or abstain from voting as he/she thinks fit).

Signed this _____ day of _____, 2020.

Signature of shareholder or Common Seal

Notes:

- In respect of deposited security, only members whose names appear in the Record of Depositors on 11 November 2020 ("EGM Record of Depositors") shall be eligible to attend the EGM.*
- A member entitled to attend and vote at the EGM is entitled to appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*



3. *A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the EGM shall have the same rights as the member to attend, participate, speak and vote at the EGM.*
4. *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing, or if the member is a corporation, either executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.*
6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*
7. *The Personal Data Protection Act 2010, which regulates the processing of personal data in commercial transactions, applies to the Company. By providing to us your personal data which may include your name and mailing address, you hereby consent, agree and authorise the processing and/or disclosure of any personal data of or relating to you for the purposes of issuing the notice of EGM and convening the EGM, including but not limited to preparation and compilation of documents and other matters, whether or not supplied by you. You further confirm to have obtained the consent, agreement and authorisation of all persons whose personal data you have disclosed and/or processed in connection with the foregoing.*

1st Fold Here

AFFIX
STAMP

The Registrar
SINO HUA-AN INTERNATIONAL BERHAD
[Registration No. 200601012477 (732227-T)]
c/o Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara,
Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan.

2nd Fold Here

Fold This Flap For Sealing



SINO HUA-AN INTERNATIONAL BERHAD

[Registration No.: 200601012477 (732227-T)]
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS AND/OR PROXIES ATTENDING THE EXTRAORDINARY GENERAL MEETING ("EGM") ("ADMINISTRATIVE GUIDE FOR EGM")

INFORMATION ON EGM

1. Date, Time and Venue of EGM

Day & Date : Tuesday, 17 November 2020
Time : 10:00 a.m.
Venue : Banquet Hall, 2nd Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, Off Jalan Parlimen, 50480 Kuala Lumpur, Wilayah Persekutuan

2. Entitlement to Attend

Only depositors whose names appear in the Record of Depositors as at 11 November 2020 shall be entitled to attend, speak and vote at the EGM or appoint proxy(ies) to attend, speak and vote on his/her behalf in respect of the number of shares registered in his/her name at that mentioned date.

3. Lodgement of Proxy Form of EGM

- (a) If you are unable to attend the EGM and wish to appoint proxy(ies) to vote on your behalf, you may deposit your Proxy Form at the Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan in accordance with the notes and instructions printed therein, not later than forty-eight (48) hours before the EGM i.e. **latest by Sunday, 15 November 2020 at 10:00 a.m.**
- (b) If you wish to attend the EGM yourself, please do not submit any Proxy Form for the EGM that you wish to attend. You will not be allowed to attend the EGM together with a proxy appointed by you. Only one of you is allowed to attend and enter the EGM venue.
- (c) If you have submitted your Proxy Form prior to the EGM and subsequently decided to attend the EGM yourself, please revoke the appointment of your proxy at the time of registration.

4. Parking

You may park your vehicle at the allocated visitors parking bays.

5. Door Gifts and Food

There will be NO door gifts and food.

GUIDANCE FOR ATTENDANCE OF EGM

In view of the COVID-19 outbreak, your safety remains our utmost priority. The EGM of the Company will be conducted in accordance with the General Standard Operating Procedures to Government and Private Sector ("**General SOP**") issued by the Malaysian National Security Council on 25 June 2020 and Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and subsequently revised on 24 June 2020 and 13 October 2020 ("**SC Guidance Note & FAQs**").

Sino Hua-An International Berhad

[Registration No.: 200601012477 (732227-T)]

- Administrative Guide for EGM (*Cont'd*)

The Company would be implementing the following in holding its EGM:-

1. Prior Registration of Attendance

Shareholders who wish to attend the EGM in person are required to register ahead of the EGM and provide the following details by email to sr.sino.egm@sshbs.com.my, **latest by 11 November 2020** before the EGM:-

- (a) Company name
- (b) Full name
- (c) Identity card no./ Passport no.
- (d) CDS account number
- (e) Mobile phone number

After verification of your registration against the Record of Depositors as at 11 November 2020, the Company's Share Registrar will send you an e-mail on or after 16 November 2020 to approve or reject your registration to attend physically at the EGM venue.

This is to allow the Company to make the necessary arrangement at the EGM day including in relation to the logistics.

2. General SOP and Precautionary Measures at the EGM

Pursuant to SC Guidance Note & FAQs, the Company will implement the following precautionary measures to minimise possible COVID-19 transmission at the EGM. Shareholders, proxies and other attendees attending the EGM are expected to **comply with all the General SOP** issued by the Malaysian National Security Council **and precautionary measures**. Anyone who **declines** to adhere to any of the measures or cooperate with the Company's staff will be **denied entry** to the EGM venue:-

- (a) Attendees must follow instructions of the coordinator at the health screening counter at the entrance to conduct body temperature check and fill a health declaration form.
- (b) Attendees with body temperature of over 37.5 Celsius or show symptoms of respiratory illness such as coughing and sneezing will be declined entry into the EGM venue.
- (c) Patient(s) under Investigation (PUI) and Person(s) under Surveillance (PUS) are **PROHIBITED** from attending the EGM.
- (d) Attendees must maintain good self-hygiene and sanitise their hands at the entrance.
- (e) Attendees must observe social distancing of at least 1 meter at any queue according to the marked spot.
- (f) Attendees **MUST** wear a face mask at all times at the EGM.
- (g) In addition to the attendance registration for the Company's records, attendees must also register with MySejahtera (QR code scanning), or manual registration for those who does not own a smartphone, to facilitate contact tracing, if required.
- (h) Attendees must take seat following the marked spot of 1 meter apart.
- (i) Attendees must always practise social distancing in the lift, washroom and EGM venue.
- (j) Attendees are **PROHIBITED** from gathering outside of the EGM venue **BEFORE** or **AFTER** the EGM.

Alternatively, instead of attending, shareholders may appoint the Chairman as their proxy to cast their votes.

Sino Hua-An International Berhad

[Registration No.: 200601012477 (732227-T)]

- Administrative Guide for EGM (*Cont'd*)

Important Notes

*This Administrative Guide for EGM has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affect the holding or conduct of general meetings. The Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the EGM. Any material developments will be announced on Bursa Malaysia Securities Berhad ("**Bursa Securities**") and shareholders are advised to check the Company's announcement(s) made via Bursa Securities regularly for updates on the EGM and/or material developments.*

3. Submission of Questions prior to EGM

Shareholders are encouraged to submit questions ahead of the EGM and email your questions to halimah@sinohuaan.com, **latest by Sunday, 15 November 2020 at 10:00 a.m.**

The Company will endeavour to answer your question(s) at the EGM if time permits or by email after the EGM. A written record of the questions and answers would be published in the key summary matters of the EGM (to be uploaded by the Company in its corporate website in due course).

The EGM proceedings will focus on the proposed resolutions with the view to minimise crowd gathering time in an enclosed environment.

4. Registration

- (a) Registration will start at 8:30 a.m. and will end at such time as may be determined by the Chairman of the EGM.
- (b) Registration will take place at the registration booths located at the entrance to the EGM venue. You are required to queue accordingly.
- (c) Please produce your original National Registration Identification Card ("**NRIC**") or Passport for verification by the Share Registrar. Please ensure that you collect your NRIC or Passport thereafter.
- (d) After verification, you are required to write your name and sign on the attendance list provided by the Share Registrar. Thereafter, you will be given an identification wristband.
- (e) No individual will be allowed to enter the meeting hall without the identification wristband. There will be no replacement in the event that you lose or misplace the identification wristband.
- (f) You are not allowed to register on behalf of another person even with the original NRIC or Passport of that other person.
- (g) The registration counter is solely for verification of identity and registration purposes. If you have any enquires on other matters, please refer to our staff who will be at hand to provide assistance.

CORPORATE MEMBER

Any corporate member who wishes to appoint a representative instead of a proxy to attend the meeting should submit the original certificate of appointment under the seal of the corporation to Registered Office of the Company at Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan at any time before the time appointed for holding the EGM or to the registration staff on the meeting day for the Company's records.

Sino Hua-An International Berhad

[Registration No.: 200601012477 (732227-T)]

- Administrative Guide for EGM (*Cont'd*)

CIRCULAR

1. The Circular is available on the Company's website at <http://sinohuaan.listedcompany.com/egm.html> and also on Bursa Securities's website at www.bursamalaysia.com under "Company Announcements".
2. If you wish to request for a printed copy of the Circular, please forward your request by completing the Requisition Form provided. A copy of the Circular will be sent to you by ordinary post within four (4) market days from the date of receipt of the written request or earliest possible due to any restriction caused by the movement control order. You may also collect the same at the EGM.

ENQUIRY

Should you have any enquiries, please contact the Share Registrar at Tel: +603-2084 9000 and/or Fax: +603-2094 9940 / 2095 0292 during office hours:

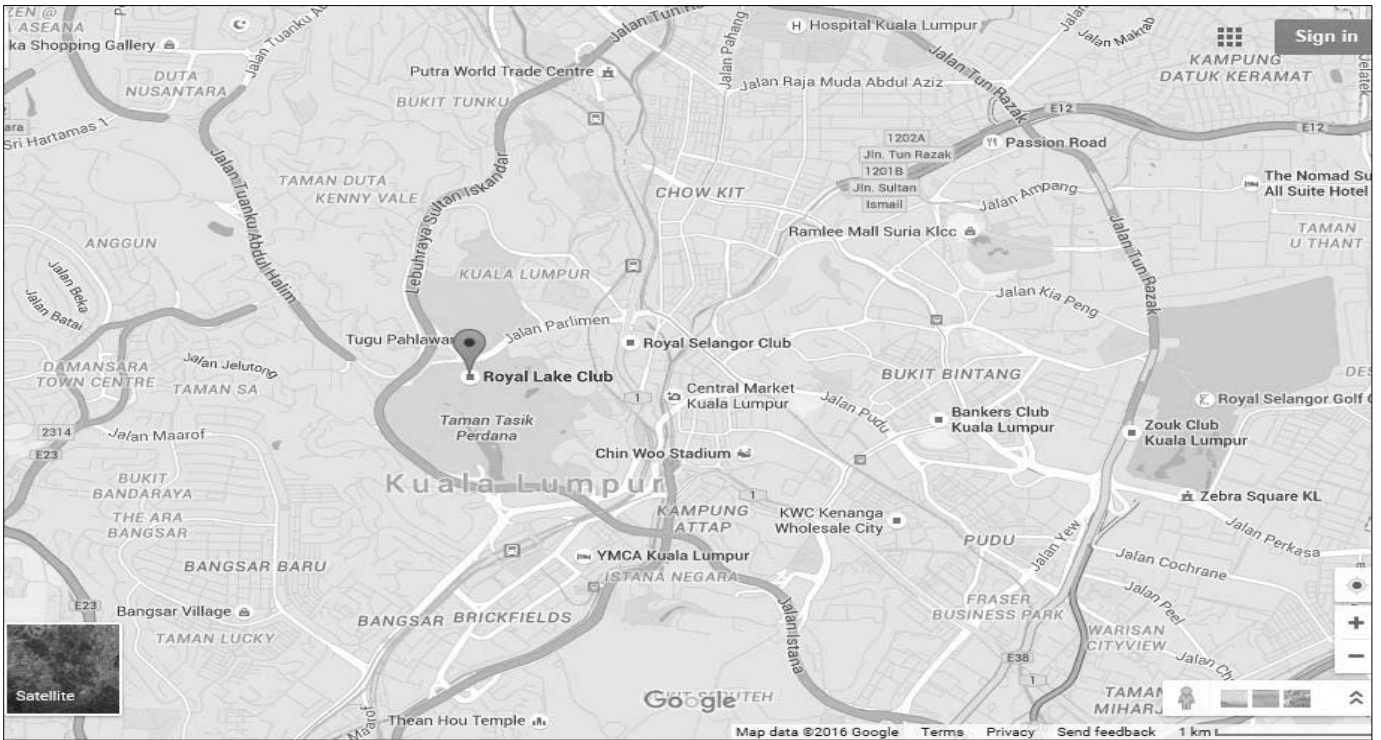
- | | | |
|-----|----------------------|--|
| (1) | Mr. Wong Piang Yoong | (email: piang.yoong.wong@sshbs.com.my) |
| (2) | Pn. Nurhayati Ang | (email: nurhayati.ang@sshbs.com.my) |




Alternatively, you may contact the Company at Tel: +603-7733 7180 during office hours:

- | | | |
|-----|--------------------|--|
| (1) | Pn. Halimah Hashim | (email: halimah@sinohuaan.com) |
|-----|--------------------|--|

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MAP to the Royal Lake Club



- | | |
|---|---|
|  | 1) Jalan Cenderamulia, 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia |
|  | 2) Search "Royal Lake Club" in Waze |
|  | 3) GPS Coordinates:
N 3' 8' 48.962" E 101' 41' 0.24" |