

SINO HUA-AN INTERNATIONAL BERHAD
(“Hua-An” or “Subscriber” or “Purchaser”)

PROPOSED SUBSCRIPTION OF 8,000 ORDINARY SHARES AND ACQUISITION OF 20,000 ORDINARY SHARES REPRESENTING THE ENTIRE EQUITY INTEREST IN HK AEROSPACE BEIDOU NEW ENERGY INDUSTRY TECHNOLOGY CO LTD (“HK AEROSPACE”) AFTER THE ENLARGEMENT OF THE ISSUED, FULLY DILUTED AND PAID UP SHARE CAPITAL OF HK AEROSPACE FOR A TOTAL PURCHASE CONSIDERATION OF USD35.0 MILLION (“PROPOSALS”)

1. INTRODUCTION

The Board of Directors of Hua-An wishes to announce that Hua-An had on 3 July 2020 entered into the following:

- (i) a Subscription Agreement (“**SA**”) with Dr. Wan Muhamad Hasni Bin Wan Sulaiman, Nong You Hua and Satriya Bin Suetoh (collectively referred to as the “**Promoters**” or “**Vendors**” or and individually as the “**Promoter**” or “**Vendor**”) and HK Aerospace for the proposed subscription of 8,000 ordinary shares 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 SA) for a total purchase consideration of USD10.0 million (“**Subscription Price**”) (“**Share Subscription**”); and
- (ii) a Share Purchase Agreement (“**SPA**”) with the Vendors for the proposed acquisition of 20,000 ordinary shares (“**Sale Shares**”), representing the entire equity interest in HK Aerospace (before the enlargement of the share capital of HK Aerospace) for a total purchase consideration of USD25.0 million (“**Purchase Consideration**”) (“**Share Acquisition**”).

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

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

2. DETAILS OF THE PROPOSALS

The Proposals entail the subscription and acquisition of the Subscription Shares and Sale Shares respectively, representing the entire equity interest in HK Aerospace after the enlargement of the total issued, fully diluted and paid up share capital of HK Aerospace for a total purchase consideration of USD35.0 million (“**Total Purchase Consideration**”).

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

Upon completion of the SA and SPA, the issued share capital in HK Aerospace will increase from 20,000 to 28,000, whereby HK Aerospace will become a wholly-owned subsidiary of Hua-An.

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

2.1 Information of HK Aerospace

HK Aerospace is a private company limited by shares incorporated in Hong Kong under the law of Hong Kong on 12 May 2017. As at 2 July 2020, being the latest practicable date prior to this Announcement (“**LPD**”), HK Aerospace has an issued share capital of HKD20,000.00 comprising of 20,000 ordinary shares.

As at LPD, the directors and shareholders of HK Aerospace and their respective shareholdings in HK Aerospace are as follows:

Name	No. of Ordinary Shares	% of Issued Share Capital
Directors and Shareholders		
Dr. Wan Muhamad Hasni Bin Wan Sulaiman	10,000	50%
Nong You Hua	6,000	30%
Satriya Bin Suetoh	4,000	20%
Total	20,000	100%

HK Aerospace is a holding company for the internet of things (“**IOT**”) and manufacturing operations in China and which holds the Intellectual Property and global marketing rights of the supercapacitors produced. It will also be the entity to undertake further Research and Development in international collaborations related to the technology.

The subsidiary of HK Aerospace upon completion of the acquisition shall be as follows:-

No.	Name of Subsidiary	Date and Place of Incorporation	Principal Activity	Shareholders/ Register Investors
1.	Guangxi Zhongcheng Huatai Investment Ltd	29.10.2009, China	Investment holding company for the purposes of holding the operations in China	1) HK Aerospace Beidou New Energy Industry Technology Co Ltd (51%) 2) Nong You Hua (9%) 3) Chen Jiuxiong (40%)
2.	Guangxi Aerospace Beidou IOT Technology Co Ltd	13.05.2014, Guangxi, China	Involves in IOT and technical internet research	Guangxi Zhongcheng Huatai Investment Ltd (100%)
3.	Guangxi Aerospace Beidou New Energy Industry Technology Co Ltd	14.08.2014, Guangxi, China	It holds the manufacturing facility of the AB Group in the Guangdong-Guangxi Inter-provincial Pilot Cooperation special Zone	1) Guangxi Aerospace Beidou IOT Technology Co Ltd (41.8%) 2) ShenZhen Qianhaizhong Henghuaying Petrochemical Co Ltd (43.9%) 3) Xianning Qiandao Fengyue Investment Management Holding (14.3%)

(HK Aerospace and the abovementioned subsidiaries are collectively referred to as the "**AB Group**")

2.2 Particulars of the Sale Shares

Subject to the terms and conditions of the SPA, the Vendors agreed to sell and the Purchaser agreed to purchase free from all Encumbrances (as defined in the SPA) and together with all rights and advantages thereto as at the completion of the Share Acquisition, at the Purchase Consideration on "willing seller willing buyer basis" as at Completion.

2.3 Information of Vendors/Promoters

2.3.1 Dr. Wan Muhamad Hasni Bin Wan Sulaiman

Dr. Wan Muhamad Hasni Bin Wan Sulaiman, a Malaysian aged 56, is a director and shareholder of HK Aerospace who currently owns 50% of equity interest in HK Aerospace.

2.3.2 Nong You Hua

Nong You Hua, a citizen of the People's Republic of China aged 66, is a director and shareholder of HK Aerospace who currently owns 30% of equity interest in HK Aerospace.

2.3.3 Satriya Bin Suetoh

Satriya Bin Suetoh, a Malaysian aged 55, is a director and shareholder of HK Aerospace who currently owns 20% of equity interest in HK Aerospace.

2.4 Mode of Settlement of the Total Purchase Consideration

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

2.5 Basis and Justification for the Total Purchase Consideration

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

- (i) the rationale and benefits of the Proposals including the earnings potential and prospects of HK Aerospace.
- (ii) profit guarantee to be provided by the Vendors (as detailed in Paragraph 2 of Appendix I of this Announcement).
- (iii) the favourable outlook and prospect of the ultra capacitor technology for the IOT and energy storage sector as set out in Section 5 of this Announcement.

2.6 Source of Funding

The Purchase Consideration will be fully satisfied via cash which may be generated either from internally generated funds, external borrowings and/or some form of fund raising exercise, if deemed necessary.

2.7 Liabilities to be assumed

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

2.8 Additional Financial Commitment Required

No additional financial commitment by Hua-An is envisaged for HK Aerospace at this juncture.

3. RATIONALE AND BENEFIT OF THE PROPOSALS

The proposed acquisition of AB Group, which is one of the leading advanced technology group specialising in ultra capacitor technology for the IOT and energy storage sector, is expected to solidify Hua-An's digital transformation and digital ecosystem solutions. This is brought about by the fact that the AB Group has a complete patent field and patent strategy in ruthenium ultra capacitor technology, upon which it has established a 8.25 acre factory in China's Guangxi Hi-Tech Industrial Park – believed to be one of the first ruthenium ultra capacitor manufacturing facility in the world. Additionally, the AB Group also has an IOT business that uses its ultra capacitors to develop its own proprietary systems and also supplies its ultra capacitors to a range of industries for energy storage. This acquisition will further strengthen Hua-An's market position as a digital transformation enabler as it will complete the final puzzle for Hua-An to transform itself into a technology company in the digital transformation space.

4. RISK FACTORS

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

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

5. PROSPECTS OF HK AEROSPACE

The Proposals are both timely and well placed for Hua-An, as the digital technology business is envisaged to be the Group's focus area of growth moving forward.

According to the Global and China Super-Capacitor Industry Report 2019-2025, with a higher penetration in transportation and consumer electronics, the global market size of Super-Capacitors has mushroomed, especially Asia- Pacific Region sees the highest growth rate. The global Super-Capacitor market valued USD1.01 billion in 2018, and it is expected to garner USD4.09 billion by 2025, with a CAGR of 22.1%. In the upcoming five years, Super- Capacitors will be largely utilized in transportation and consumer electronics. From a geographical perspective, Asia-Pacific consumed the most Super- Capacitors worldwide in 2018, and the consumption herein will increase at the highest rate in the next few years. Super-Capacitors were initially

used by the US military in the field of electronic equipment due to instantaneous high power, fast charging and discharging. Later, it finds wider application in transportation, industrial equipment, electric power, and new energy. 38% of the Super-Capacitor market size is forecast to be triggered by transportation, about 30% by the industrial sector, and 21% by the new energy sector.

Insofar as energy storage is concerned, according to Global Energy Storage Market 2019 by Lux Research, the total energy storage market is expected to grow to \$546 billion in annual revenue by 2035. It also indicates that the commercialization of five new technologies, namely that of (i) battery recycling, (ii) electric aviation, (iii) flow batteries, (iv) thin-film batteries, and (v) solid-state battery improvements, could drive growth. Lux Research concludes that revenue and deployment growth for the energy storage market will vary drastically over the next three years. Plug-in light-duty vehicles will likely remain the largest market with a predicted \$24B increase in revenue by the end of 2022. Next, medium and heavy-duty vehicles are estimated to grow from \$600M a year in 2019 to \$3.6B per year in 2022. Residential storage follows with a projected CAGR of 76% and \$8B revenue increase over the next three years. Personal mobility will also be affected with a CAGR of 49% and \$4.6B revenue increase.

Through 2035, it was identified that the major driver for growth and demand of energy storage is mobility applications, as personal mobility devices are expected to increase to \$43.7B from their current \$2B in revenue. Stationary storage is also expected to grow to \$111.8B in revenue by 2035, marking a significant increase from its \$9.1B revenue in 2019.

The energy storage industry is poised for a massive increase in annual revenue and deployment capacity as key innovative technologies, such as solid-state batteries and flow batteries, reach commercialization. Electric mobility applications, primarily light-duty passenger vehicles, is expected to be the principal long-term driver of energy storage annual revenue and demand, with a total market share of 74% by annual revenue and 91% by annual deployed GWh by the year 2035, according to Lux Research.

6. FINANCIAL EFFECTS OF THE PROPOSALS

6.1 Share Capital and Substantial Shareholders' Shareholding

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

6.2 Earnings and Earnings Per Share ("EPS")

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

6.3 Net Assets ("NA") and NA per share of Hua-An and Gearing

Based on the audited financial statements of Hua-An as at 31 December 2019, the pro-forma effects of the Proposals on the consolidated NA per share and net gearing ratio are as follows:

	Audited as at 31 December 2019 RM'000	After Share Subscription RM'000	After Share Acquisition RM'000
Share Capital	1,115,045	1,115,045	1,115,045
Reserves	(568,468)	(568,468)	(568,468)
Accumulated Loss	(354,767)	(354,876)	(355,150)
Shareholders' Equity / NA	191,810	191,701	191,427
Non-Controlling Interest	-	-	-
Total Equity	191,810	191,701	191,427
No. of Ordinary Shares	1,122,307,817	1,122,307,817	1,122,307,817
NA Per Share	0.17	0.17	0.17
Gearing (times)	0.01	0.01	0.01

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

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

8. ESTIMATED TIME FRAME FOR COMPLETION

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

9. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia is approximately 78.28% based on the latest audited consolidated net asset of Hua-An for the financial year ended 31 December 2019.

10. APPROVAL REQUIRED

The Proposals are subject to the approval of the shareholders of Hua-An at an Extraordinary General Meeting to be convened and any other relevant authority, if required.

11. DIRECTORS' STATEMENT

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

12. DOCUMENT AVAILABLE FOR INSPECTION

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

This announcement is dated 3 July 2020.

SALIENT TERMS OF THE SPA

1. Consideration

1.1 Purchase Consideration

The consideration for the purchase of the Sale Shares shall be the cash sum of USD35.0 million to be paid as follows:

- a) The subscription of the shares in HK Aerospace by the Purchaser in the sum of USD10.0 million within 4 months from the date of the SPA pursuant to the terms of the SA, and
- b) The payment of the cash sum of USD25.0 million, which shall be apportioned among the Vendors and paid to the Vendors in due proportion on Completion in accordance with Paragraph 1.2 of the Appendix I of this Announcement.

1.2 Mode of Payment

Subject to the fulfilment of the matters stated in Clause 7.2 and Schedule 3 of the SPA (Completion Obligations), the sum of USD25.0 million shall be paid in the following manner:

- a) USD2,500,000.00 being 10% of the Purchase Consideration within 3 months from the Completion;
- b) USD6,250,000.00 being 25% of the Purchase Consideration within 6 months from the Completion;
- c) USD8,750,000.00 being 35% of the Purchase Consideration within 9 months from the Completion;
- d) USD7,500,000.00 being 30% of the Purchase Consideration within 12 months from the Completion.

1.3 Method of Payment

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

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1.4 Reduction of Consideration

If any payment is to be made by the Vendors to the Purchaser in respect of any claim against the Vendors arising from any breach of the SPA (including but not limited to the breach of Clause 5 of the SPA (Actions pending completion) (or any agreement entered into pursuant to the SPA) or pursuant to any indemnity hereunder ("**Payment**"), the Payment may be made by way of adjustment of the Purchase Consideration and the Purchase Consideration shall be deemed to have been reduced by the amount of such Payment. For the avoidance of doubt, the method of the Payment in Paragraph 1.2 and Paragraph 1.3 of the Appendix I of this Announcement would be on the Purchaser's sole discretion and may not necessarily be made by way of adjustment of the Purchase Consideration.

2. Profit Guarantee by the Vendors

2.1 It is acknowledged by the Parties herein that the Vendors shall remain responsible for the management and the business affairs of HK Aerospace notwithstanding the Completion of the SPA.

2.2 In consideration of the Purchaser entering into the SPA, the Vendors hereby guarantee that a minimum profit after taxation of HK Aerospace for the first financial year shall be USD3.0 million ("**the Guaranteed Profit**"). The target date to achieve the Guaranteed Profit shall be 16 months after completion of the subscription of shares under Paragraph 1.1 (a) of the Appendix I of this Announcement. The Parties agree that the first 4 months shall be allotted for the purchase, installation and commissioning of new equipment to increase production and the subsequent 12 months shall be allotted for the actual production, marketing and selling of the products of the Business as defined in the SPA.

2.3 The Vendors agree that the Purchase Consideration shall be reduced in event of a shortfall of in the guaranteed profit based on the following formula.

$$\left[1 - \frac{\text{Actual Profit}}{\text{Guaranteed Profit}}\right] \times \text{Purchase Consideration to Vendors}$$

For example, in the event that HK Aerospace only achieves a profit of USD2.0 million for the first financial year, then the reduction in Purchase Consideration shall be:

$$\left[1 - \frac{\text{USD2million}}{\text{USD3million}}\right] \times \text{USD25million} = \text{USD8.33million}$$

2.4 Notwithstanding anything in the SPA, the final installment under Paragraph 1.2 (d) of the Appendix I of this Announcement shall be paid to the Purchaser's Solicitors as stakeholders pending the determination of the reduction of the Purchase Consideration in accordance with Paragraph 2.3 of the Appendix I of this Announcement.

SALIENT TERMS OF THE SPA

- 2.5 Any shortfall of the Guaranteed Profit shall be calculated based on the audited accounts of HK Aerospace which shall be carried out on an interim basis at the expiry of the Profit Guarantee (taking into account the audited accounts for 2020) and such reductions in the Purchase Consideration shall be reflected in the final payment installment under Paragraph 1.2 (d) of the Appendix I of this Announcement, proportionately based on the shortfall of HK Aerospace, and such reductions in Purchase Consideration shall be determined by the Purchaser in upon the expiry of the Profit Guarantee. Upon receipt of written notification of the amount of the reduction in the Purchase Consideration from the Purchaser, the Purchaser's Solicitors shall release the balance Purchase Consideration after deductions, to the Vendors.
- 2.6 The Parties hereby agree and acknowledge that in order for the Vendors to guarantee the Guaranteed Profit, any decisions to be made by HK Aerospace which involve financial matters and/or any other matters which affect and/or may affect the Guaranteed Profit shall be made solely by the Vendors, and the same shall be reflected in the shareholders agreement to be executed between the Purchaser and the Vendors.

3. Conditions Precedent

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

- (a) the Purchaser's satisfaction of the results of such legal, commercial and financial due diligence investigations conducted by the Purchaser on HK Aerospace, over the business, affairs, operations, assets and liabilities, prospects and records of HK Aerospace;
- (b) the passing by way of directors' circular resolution of the Purchaser of a resolution to approve the acquisition of the Sale Shares in the agreed terms, or such other consent as is required by the Purchaser's board of directors and the Purchaser shall deliver the certified true copy of the said approval to the Vendors;
- (c) the Vendors obtaining the approval of the board of directors of HK Aerospace for the transfer of the Sale Shares to the Purchaser free from Encumbrances, and the Vendors shall deliver the certified copy of the said approval to the Purchaser;

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- (d) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the proposed acquisition of the Sale Shares by the Purchaser having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Purchaser and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect, if applicable;
- (e) all necessary approvals under applicable competition laws having been obtained from the competition authorities in the relevant jurisdictions of HK Aerospace without the attachment of any terms, conditions, or remedies (whether in the form of commitments or directions), if applicable;
- (f) where the terms of any material contract contain any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of HK Aerospace or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA, written confirmation in a form and on terms (if any) reasonably satisfactory to the Purchaser by the counterparties, of the waiver of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate, if applicable;
- (g) the issuance of a waiver letter, substantially in the form attached to Schedule 4 of the SPA by the Vendors to HK Aerospace waiving all their rights of action of any kind, arising in any capacity or in any jurisdiction, against HK Aerospace, AB Group or any of their respective officers or employees, including without limitation to the Shareholders' Loan ("**Waiver Letter**"); and
- (h) The SPA and any other legal document where necessary, have been duly executed, witnessed, stamped, becoming unconditional.
- (i) The SA have been completed accordance with the terms and conditions therein.
- (j) The Completion of the acquisition of 51% of the registered capital of the Guangxi Zhongcheng Huatai Investment Ltd ("**GZHI**") by HK Aerospace.
- (k) The Completion of the acquisition of 100% of the registered capital Guangxi Aerospace Beidou IOT Technolgy Ltd ("**GAIOT**") by GZHI.
- (l) The Completion of the acquisition of 41.8% of the registered capital Guangxi Aerospace Beidou New Energy Industry Technology Co Ltd ("**GAB**") by the GAIOT.
- (m) The confirmation that HK Aerospace is the legal and beneficial owner of all the intellectual property stated in Schedule 7 of the SPA, and

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- (n) The confirmation that HK Aerospace has an existing delivery order of USD25.0 million and over RMB1.65 billion in purchase orders.

4. Completion

4.1 Date and place

Subject to Clause 5 of the SPA, Completion shall take place at the offices of the Purchaser's Solicitors on the Completion Date or at such other place or on such other date as may be agreed between the Purchaser and the Vendors' Representatives on behalf of the Vendors.

4.2 Obligations on Completion

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

4.3 Rights to Sale Shares after Completion

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

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

SALIENT TERMS OF THE SA

1. Purchase Consideration

The consideration for the purchase of the Share Subscription shall be the cash sum of USD10.0 million.

2. Completion Date

The date on which the completion of all the subscription of the Subscription Shares by the Subscriber shall take place, as notified by the Subscriber to HK Aerospace, being a day falling within Five (5) Business Days following the Unconditional Date in Clause 3.4 of the SPA.

3. Conditions Precedent

Completion of the SA is conditional upon the satisfaction of HK Aerospace or waiver granted by the Subscriber, at Subscriber's sole discretion, of the following conditions before the Long Stop Date (as defined in the SA):

- (a) the Subscriber's satisfaction of the results of such Due Diligence investigations conducted by the Subscriber on HK Aerospace and its advisors, over the business, affairs, operations, assets and liabilities, prospects and records of HK Aerospace being reflective of its actual state of affairs;
- (b) the passing by way of shareholders' and directors' circular resolution of the Subscriber of a resolution to approve the subscription of the Subscription Shares in the agreed terms, or such other consent as is required by the Subscriber's board of directors and the Subscriber shall deliver the certified copy of the said approval to HK Aerospace and the Promoters;
- (c) HK Aerospace and Promoters obtaining the approval of the Board and shareholders of HK Aerospace for, and HK Aerospace shall deliver the certified copy of the said approval to the Subscriber:
 - (i) the allotment and issue of the Subscription Shares to the Subscriber;
 - (ii) the appointment of director or alternative director of HK Aerospace nominated by the Subscriber; and
 - (iii) accept the appointment of the authorised signatory of HK Aerospace nominated by the Subscriber or director nominated by the Subscriber, for all bank accounts of HK Aerospace, with the establishment of the limit of authority, in the form and content acceptable by the Subscriber, if applicable.
- (d) the completion of the SA and the SPA and any other legal document where necessary have been duly executed, witnessed and stamped;
- (e) the SPA becoming unconditional;

SALIENT TERMS OF THE SA

- (f) the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary or desirable for or in respect of the subscription, allotment and issue of the Subscription Shares pursuant to the terms of the SA having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms satisfactory to the Subscriber and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect, if applicable;
- (g) all necessary approvals under applicable competition laws having been obtained from the competition authorities in the relevant jurisdictions of HK Aerospace without the attachment of any terms, conditions, or remedies (whether in the form of commitments or directions), if applicable;
- (h) where the terms of any material contract contain any restrictions or prohibition on the subscription, allotment and issue of the Subscription Shares pursuant to the terms of the SA or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SA, written confirmation in a form and on terms (if any) reasonably satisfactory to the Subscriber by the counterparties, of the waiver of such restrictions or prohibition in relation to the SA or of any such right to terminate, if applicable;
- (i) the delivery by the Promoters and HK Aerospace of the unaudited financial statements of HK Aerospace for the financial period ended the month immediately preceding the Unconditional Date in the form satisfactory to the Subscriber including but not limited to the financial statements reflecting that all amounts due to/from related parties, if any, has been settled, received and/or written off by HK Aerospace in the manner approved by the Subscriber, if so required and requested in writing by the Subscriber.
- (j) The Completion of the acquisition of 51% of registered capital of GZHI by HK Aerospace.
- (k) The Completion of the acquisition of 100% of registered capital of GAIOT by GZHI.
- (l) The Completion of the acquisition of 41.8% of registered capital of GAB by the GAIOT.
- (m) The confirmation that HK Aerospace is the legal and beneficial owner of all the intellectual property stated in Schedule 5 of the SA.
- (n) The confirmation that HK Aerospace has an existing delivery order of USD25.0 million and over RMB1.65 billion in purchase orders.

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4. Completion

4.1 Subject to Clause 3 (Conditions Precedent) of the SA, Completion shall take place at the offices of the Subscriber's Solicitors on the Completion Date or at such other place or on such other date as may be agreed between the Subscriber, HK Aerospace and Promoters.

4.2 Notwithstanding anything to the contrary in Clause 3 (Conditions Precedent) of the SA, the Completion of the SA shall be conditional upon:

- (a) all the Subscription Shares collectively allotted and issued to the Subscriber;
- (b) the Parties performing all their respective obligations herein and that no breach of the SA has occurred which has not been remedied or waived by the non-defaulting Party; and
- (c) the absence of injunctions or legal proceedings prohibiting the subscription of the Subscription Shares in accordance with the terms and conditions contained in the SA.