

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.

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TECHNA-X BERHAD

(formerly known as Sino Hua-An International Berhad)
[Registration No.: 200601012477 (732227-T)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

(I) PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF TECHNA-X BERHAD ("TXB") (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT OF TIME DURING THE DURATION OF THE ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF TXB AND ITS SUBSIDIARIES ("TXB GROUP" OR "GROUP") (EXCLUDING DORMANT SUBSIDIARIES) ("PROPOSED ESOS"); AND

(II) PROPOSED GRANTING OF ESOS OPTIONS TO THE ELIGIBLE DIRECTORS OF TXB

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 of the Extraordinary General Meeting ("**EGM**") of the Company which is scheduled to be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 30 June 2021 at 11:30 a.m. or immediately upon the conclusion of the Fifteenth Annual General Meeting of the Company to be held at the same broadcast venue at 10:00 a.m. on the same day, whichever is later, or any adjournment thereof, together with the Form of Proxy, are enclosed in this Circular.

If you are not able to participate and vote at the EGM via live stream and online voting, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not later than forty-eight (48) hours before the time set for holding the EGM. Your proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my>. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Monday, 28 June 2021 at 11:30 a.m.

Day, date and time of the EGM : Wednesday, 30 June 2021 at 11:30 a.m. or immediately upon the conclusion of the Fifteenth Annual General Meeting of the Company to be held at the same broadcast venue at 10:00 a.m. on the same day, whichever is later.

This Circular is dated 28 May 2021

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
“AI”	: Artificial intelligence
“BNM”	: Bank Negara Malaysia
“Board”	: Board of Directors of TXB
“Bursa Depository” or “Depository”	: Bursa Malaysia Depository Sdn Bhd [Reg. No: 198701006854 (165570-W)]
“Bursa Securities”	: Bursa Malaysia Securities Berhad [Reg. No: 200301033577 (635998-W)]
“By-laws”	: The by-laws governing the Proposed ESOS, the draft of which is set out in Appendix I of this Circular
“CAGR”	: Compound annual growth rate
“CCM”	: Companies Commission of Malaysia
“CDS Account”	: Securities account maintained through the central depository system operated by Bursa Depository
“China”	: People’s Republic of China
“Circular”	: This circular to shareholders of TXB dated 28 May 2021
“COVID-19”	: Coronavirus Disease 2019
“Craveat”	: Craveat International Sdn Bhd [Reg. No: 201501030637 (1155961-V)]
“Director(s)”	: A natural person who holds a directorship in our Company or any company within our Group, whether in an executive or non-executive capacity, and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
“E&E”	: Electrical and electronics
“Effective Date”	: The date on which the Proposed ESOS is implemented in accordance with the ESOS By-laws
“EGM”	: Extraordinary general meeting
“Eligible Person(s)”	: A natural person who is a Director or an employee of the Group (which are not dormant companies) and who meets the criteria of eligibility for participation in the ESOS as stipulated under ESOS By-law
“EPS”	: Earnings per Share
“ESOS”	: Employees’ share option scheme
“ESOS Committee”	: The committee comprising Directors and senior management personnel appointed by the Board to administer the ESOS

DEFINITIONS (Cont'd)

"ESOS Options" or "Options"	:	The right of a Grantee to subscribe for one (1) TXB Share at the Subscription Price pursuant to an Offer duly accepted by the Grantee in the manner indicated under ESOS By-law
"F&B"	:	Food and beverage
"FPE"	:	Financial period ended/ending, as the case may be
"FYE"	:	Financial year ended/ending 31 December, as the case may be
"GABIOT"	:	Guangxi Aerospace Beidou Internet of Things Technology Industry Co., Ltd [Reg. No: 914501003991104622]
"GABNEIT"	:	Guangxi Aerospace Beidou New Energy Industry Technology Co., Ltd [Reg. No: 9145040031591611XM]
"GDP"	:	Gross domestic product
"GNI"	:	Gross national income
"Grantee(s)"	:	Any Eligible Person who has accepted the Offer in the manner as stipulated under the ESOS By-law
"GZHI"	:	Guangxi Zhongcheng Huatai Investment Co., Ltd [Reg. No: 91450000695383350A (1-1)]
"HK Aerospace"	:	HK Aerospace Beidou New Energy Industry Technology Co Limited [Reg. No: 2534484]
"HK Aerospace Group"	:	HK Aerospace group of companies comprising HK Aerospace, GZHI, GABIOT and GABNEIT
"ICT"	:	Information and communications technology
"Interested Director(s)"	:	All of TXB's Directors, namely Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Liu Guodong, Datuk Lim Chih Li @ Lin ZhiLi, Lim See Tow, Zhai Baoxing and Balraj Singh Pannu A/L Gajjan Singh
"IoT"	:	Internet of Things
"LAT"	:	Loss after taxation
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	3 May 2021, being the latest practicable date prior to the printing and despatch of this Circular
"LPS"	:	Loss per share
"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 (" CMCO "), recovery MCO (" RMCO "), enhanced MCO (" EMCO ") and/or variations of these thereof

DEFINITIONS (Cont'd)

"M&A Securities" or "Principal Adviser"	:	M&A Securities Sdn Bhd [Reg. No: 197301001503 (15017-H)]
"MD Labs"	:	MD Labs Sdn Bhd [Reg. No: 201701034241 (1248412-W)]
"MESTECC"	:	Ministry of Energy, Science, Technology, Environment and Climate Change (formerly known as the Ministry of Science, Technology and Innovation)
"MFRS 2"	:	Malaysian Financial Reporting Standard 2: Share-based Payment issued by the Malaysian Accounting Standards Board
"Offer"	:	A written offer, made by the ESOS Committee from time to time to the Eligible Persons to participate in the ESOS in the manner indicated under ESOS By-law
"Date of Offer"	:	The date on which an Offer is made to an Eligible Person by the ESOS Committee from time to time during the Option Period to participate in the ESOS in accordance with the By-laws
"Option Period"	:	The period commencing from the Date of Offer until the expiry date and/or termination of the ESOS or such other date as may be specifically stated in such Offer for an Eligible Person to exercise the Options provided that no Option Period shall extend beyond the duration of ESOS referred to under ESOS By-law or in the event of a termination of the ESOS, the date of termination of the ESOS
"NA"	:	Net assets
"NL"	:	Net liabilities
"PAT"	:	Profit after tax
"Private Placement"	:	Private placement of up to 236,461,500 new TXB Shares
"Proposed ESOS"	:	The proposed establishment of an ESOS of up to 15% of the total number of issued shares of TXB (excluding treasury shares, if any) for the benefit of Eligible Person(s) to subscribe for TXB Shares according to the terms set out in the By-laws
"Providence" or "IMR"	:	Providence Strategic Partners Sdn Bhd [Reg. No: 201701024744 (1238910-A)] being the independent market researcher
"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
"Rules of Depository"	:	Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, including the Securities Industry (Central Depositories) Amendment Act, 1998, as amended from time to time
"Subscription Price"	:	The price at which the Grantee shall be entitled to subscribe for each new TXB Share as calculated in the manner indicated under ESOS By-law

DEFINITIONS (Cont'd)

"Subsidiary"	:	Subsidiary of TXB
"TXB" or "Company"	:	Techna-X Berhad (<i>formerly known as Sino Hua-An International Berhad</i>) [Reg. No: 200601012477 (732227-T)]
"TXB Group" or "Group"	:	TXB and its subsidiary companies
"TXB Share(s)" or "Share(s)"	:	Ordinary share(s) in TXB
"TXB RCN" or "RCN"	:	TXB's redeemable convertible notes with an aggregate principal amount of up to RM150,000,000
"Touchpoint"	:	Touchpoint International Sdn Bhd [Reg. No: 201401008089 (1084167-M)]
"USD"	:	United States Dollar
"Wavetree"	:	Wavetree Technologies Sdn Bhd (<i>formerly known as Fancy Celebrations Sdn Bhd</i>) [Reg. No: 200601006518 (726267-W)]
"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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EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED ESOS. 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 ESOS AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to Circular
Summary of the Proposed ESOS	: TXB proposes to implement the proposed establishment of an ESOS of up to 15% of the total number of issued shares of TXB (excluding treasury shares, if any) for the benefit of Eligible Person(s) to subscribe for TXB Shares according to the terms set out in the By-laws	Section 2
Rationale for the Proposed ESOS	: The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below: (a) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of TXB Group; (b) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty; (c) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and (d) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of TXB Shares, upon exercising of the ESOS Options. The Proposed ESOS is also extended to non-executive directors in recognition of their contribution to the Company and to enable them to participate in the Company's future growth. In addition, it will also enable the Company to attract capable individuals to act as non-executive directors of the Company.	Section 3
Approvals required	: The Proposed ESOS is subject to the following approvals being obtained: (a) Bursa Securities for the listing of and quotation for up to 15% of the total number of issued TXB Shares to be issued pursuant to the exercise of Options that may be granted under the Proposed ESOS on the Main Market of Bursa Securities, which was obtained on 24 May 2021, the details of which are set out in Section 8 of this Circular; (b) shareholders of TXB at an EGM to be convened for the Proposed ESOS; and (c) other relevant authorities (if required).	Section 8

EXECUTIVE SUMMARY

Key information	Summary	Reference to Circular
Interests of directors, major shareholders, chief executive and/or persons connected to them	: All our Interested Directors are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations under the Proposed ESOS.	Section 10
Directors' statements and recommendation	: The Board, having considered all aspects of the Proposed ESOS, including but not limited to the rationale and effects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company and its shareholders. The Board recommends that you vote in favour of the resolutions in relation to the Proposed ESOS. However, in view that all the Directors of the Company are eligible to participate in the Proposed ESOS, they have abstained from deliberating and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS. They will also abstain and ensure that persons connected to them will abstain, if any, from voting in respect of their direct and/ or indirect interests in the Company, on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS at the forthcoming EGM of the Company to be convened.	Section 11



TECHNA-X BERHAD

(formerly known as 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

28 May 2021

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 TXB

Dear Sir/Madam,

PROPOSED ESOS

1. INTRODUCTION

On 30 April 2021, M&A Securities had, on behalf of the Board, announced that the Company proposes to implement the Proposed ESOS.

On 25 May 2021, M&A Securities had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 24 May 2021 granted its approval for the listing of and quotation for such new TXB Shares, representing up to 15% of the total number of issued shares of TXB (excluding treasury shares, if any) to be issued upon the exercise of the Options on the Main Market of Bursa Securities, subject to the conditions as set out in Section 8 of this Circular.

The details of the Proposed ESOS are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED ESOS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF FORTHCOMING EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR INCLUDING THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED ESOS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED ESOS

The Proposed ESOS will involve the granting of Options at prices to be determined in the manner set out in Section 2.5 of this Circular to Eligible Persons as stipulated in the By-laws.

The Proposed ESOS will be administered in accordance with the By-laws by the ESOS Committee.

The principal features of the Proposed ESOS which will be governed by the By-laws, are set-out in the ensuing sections.

2.1 Maximum number of new Shares available under the Proposed ESOS

The maximum number of new TXB Shares to be allotted and issued pursuant to the exercise of the Options which may be granted under the Proposed ESOS shall not exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time throughout the duration of the Proposed ESOS.

2.2 Basis of allocation and maximum allowable allotment

Subject to any adjustments which may be made under the By-laws, the aggregate number of new TXB Shares that may be offered under the Options and allotted and issued to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person and such other factors that the ESOS Committee may deem relevant subject to the following ("**Maximum Allowable Limit**"):

- (a) that the Directors and senior management do not participate in the deliberation or discussion of their own allocation;
- (b) the allocation to the Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per cent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed ten per cent (10%) of the total number of the new TXB Shares to be issued under the Proposed ESOS; and
- (c) Not more than seventy-five per cent (75%) of the total number of new TXB Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of TXB and its subsidiaries, which are not dormant, on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as may be amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining (i) whether the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the Proposed ESOS or in one (1) single grant, and/or (ii) whether there is any vesting period for the ESOS Options to be granted and if so, the vesting conditions as determined by the ESOS Committee, which may include amongst others the tenure and performance of the Eligible Persons as measured by both qualitative and quantitative performance indicators (as determined by the ESOS Committee) including financial and non-financial performance measures, and the discretion to waive any such vesting period and/or vesting conditions as the ESOS Committee shall deem appropriate, during the tenure of the Proposed ESOS. For the avoidance of doubt, the granting of the ESOS Option(s) whether by staggered or single grant shall be as specified in the Offer.

2.3 Determination of eligibility

Any Director or employee of any company comprised in the Group shall be eligible to be considered for the offer of Options under the Proposed ESOS provided that:

- (a) the Director or employee shall have attained the age of eighteen (18) years on the Date of Offer and are neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) they must fulfill such other eligibility criteria as may be determined by the ESOS Committee from time to time;
- (c) the Director or employee must have been employed by the Company and/or a Subsidiary and his employment as an Eligible Person must have been confirmed on the Date of Offer, irrespective whether he was transferred to a Subsidiary within the TXB Group, in which case he must have been a confirmed employee in that Subsidiary;
- (d) If the Director or employee is employed by a company which is acquired, and becomes a Subsidiary of the Company upon such acquisition during the duration of the Proposed ESOS, the Director or employee must have been a confirmed employee in that Subsidiary following the date that such company becomes or is deemed to be a Subsidiary of the TXB Group; and
- (e) the Director or employee is an employee of a Subsidiary, which is not dormant.

The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered Options. In addition to the foregoing, where the Directors are eligible to participate in the Proposed ESOS, such entitlement under the Proposed ESOS must have been approved by the shareholders of the Company in general meeting. No Eligible Person shall at any one point in time participate or be eligible to participate in more than one (1) share option scheme or share grant scheme (in any form or manner, and local or foreign) implemented by any corporation within the TXB Group.

Eligibility under the Proposed ESOS shall not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Proposed ESOS and an Eligible Person does not have any rights to acquire or have any rights over or in connection with the Options or the new TXB Shares comprised therein unless an Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Proposed ESOS.

2.4 Duration of the Proposed ESOS

The Proposed ESOS shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial Proposed ESOS period stipulated above and such extension of the Proposed ESOS made pursuant to the By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date.

For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be) and the Company shall serve appropriate notices on each Grantee and/or make any necessary announcements to any parties and/ or Bursa Securities (if required).

2.5 Subscription price

Subject to any adjustments in accordance with the By-laws, the Subscription Price shall be determined by the Board upon recommendation of the ESOS Committee and shall be fixed based on the 5D-VWAMP of TXB Shares, as quoted on Bursa Securities, immediately preceding the Date of Offer with a discount of not more than ten per cent (10%) to the said price, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as may be amended from time to time during the Option Period.

The Subscription Price as determined by the Board upon recommendation of the ESOS Committee shall be conclusive and binding on the Grantee.

2.6 Ranking of the new Shares

The new TXB Shares to be allotted and issued upon the exercise of the Options under the Proposed ESOS will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued share capital of the Company except that the new TXB Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions where the entitlement date (namely the date as at the close of business on which shareholders of the Company must be entered in the ROD in order to be entitled to any dividends, rights, allotments or other distributions) precedes the date of allotment of the new TXB Shares and will be subject to all the provisions of the Constitution of the Company and Listing Requirements relating to transfer, transmission or otherwise of the TXB Shares.

2.7 Amendment and/or modification to the Proposed ESOS

The ESOS Committee may at any time and from time to time recommend to the Board any additions and amendments to or deletions of the By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any part of the By-laws upon such recommendation subject to the Company submitting a letter of compliance to Bursa Securities each time an amendment is made, that the said amendment to the By-laws is in compliance with the provisions of the Listing Requirements pertaining to employee share option schemes and Rules of Depository pursuant to Paragraph 2.12 of the Listing Requirements.

The approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of the By-laws provided that no additions, amendments or deletions shall be made to the By-laws which would:

- (a) prejudice any rights which would have accrued to any Grantee without the Grantee's prior consent; or
- (b) prejudice any rights of the shareholders of TXB without the prior approval of TXB's shareholders in a general meeting; or
- (c) increase the number of TXB Shares available under the Proposed ESOS beyond the maximum imposed by By-laws; or
- (d) provide an advantage to any Grantee or group of Grantees or all Grantees.

2.8 Retention/restriction period of Shares

The new TXB Shares allotted and issued to a Grantee pursuant to the exercise of the Options will not be subject to any retention period or restriction on transfer, disposal and/ or assignment. However, the Company encourages Grantees to hold the new TXB Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the new TXB Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for immediate realisation to yield a profit.

A Grantee who is a non-executive director of the TXB Group must not sell, transfer or assign new TXB Shares obtained through the exercise of Options offered to him pursuant to the Proposed ESOS within one (1) year from the Date of Offer of such Options.

2.9 Alteration of share capital during the Option Period

In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variations of capital or howsoever otherwise taking place, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made to:

- (a) the Subscription Price;
- (b) the number of new TXB Shares comprised in the Options by an Offer or any portion thereof which have not been exercised; and /or
- (c) the number of new TXB Shares and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the Proposed ESOS).

2.10 Listing and quotation of Shares

Bursa Securities had on 24 May 2021 approved the listing of and quotation for the new TXB Shares to be issued arising from the exercise of ESOS Options on the Main Market of Bursa Securities.

2.11 Termination of the Proposed ESOS

Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Proposed ESOS may be terminated by the Company at any time during the tenure of the Proposed ESOS without obtaining the approvals from the Grantees or the

shareholders of the Company provided that the Company makes an announcement immediately to Bursa Securities.

3. RATIONALE FOR THE PROPOSED ESOS

The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of TXB Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

- (a) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of TXB Group;
- (b) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (c) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- (d) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of TXB Shares, upon exercising of the ESOS Options.

The Proposed ESOS is also extended to non-executive directors in recognition of their contribution to the Company and to enable them to participate in the Company's future growth. In addition, it will also enable the Company to attract capable individuals to act as non-executive directors of the Company.

4. DETAILS OF EQUITY FUNDRAISING EXERCISES UNDERTAKEN IN THE PAST 12 MONTHS

Save as disclosed below, there is no other fund-raising exercise undertaken by TXB during the past 12 months immediately preceding 30 April 2021, being the date of announcement on the Proposed ESOS.

(a) TXB RCN

On 5 September 2019, the shareholders of the Company approved the issuance of RCN with an aggregate principal amount up to RM150,000,000 at an EGM which is convertible into a maximum 833,333,333 new Shares ("**Maximum RCN Conversion Shares**") with minimum conversion price of RM0.18 which was subsequently revised to RM0.10 ("**Minimum Conversion Price**") on 11 November 2019 through a supplementary agreement and approved by shareholders of the Company on 5 March 2020. The RCN has 3 years tenure from 11 November 2019, being the closing date of the first sub-tranche under tranche 1 of the RCN. As at LPD, 50 sub-tranches under tranche 1 of the RCN amounting to RM50,000,000 and 10 sub-tranches under tranche 2 of the RCN amounting to RM10,000,000 have been issued. The details are as follow:

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	Total principal amount allowed for issue		Issued RCN		RCN converted to new Shares		RCN redeemed		Outstanding RCN		Unissued RCN	
	RM	No.	RM	No.	RM	No.	RM	No.	RM	No.	RM	No.
Tranche 1 (50 sub-tranches)	50,000,000	500,000,000	48,000,000	480,000,000	2,000,000	20,000,000	-	-	-	-	-	-
Tranche 2 (50 sub-tranches)	50,000,000	100,000,000	10,000,000	100,000,000	-	-	-	-	-	-	-	40,000,000
Tranche 3 (50 sub-tranches)	50,000,000	-	-	-	-	-	-	-	-	-	-	50,000,000
Total	150,000,000	600,000,000	58,000,000	580,000,000	2,000,000	20,000,000	-	-	-	-	-	90,000,000

The details and status of the utilisation of proceeds from the issuance of the TXB RCN are as follows:

No.	Purposes	Proposed utilisation RM' million	Actual utilised RM' million	Balance to be utilised RM' million	⁽¹⁾ Expected timeframe for utilisation of proceeds
(a)	Business expansion and working capital of TouchPoint	27.0	1.7	25.3	Within 18 months
(b)	Business expansion and working capital of Wavetree PLT	25.0	0.1	24.9	Within 18 months
(c)	Business expansion and working capital of Craveat, its subsidiaries and associated companies ("Craveat Group") within Malaysia	40.0	⁽²⁾ 32.7	7.3	Within 18 months
(d)	Business expansion and working capital of Craveat Group in China	22.0	-	22.0	Within 1 year
(e)	Working capital for TXB's core business	26.2	⁽³⁾ 21.2	5.0	Within 1 year

No.	Purposes	Proposed utilisation RM' million	Actual utilised RM' million	Balance to be utilised RM' million	(1) Expected timeframe for utilisation of proceeds
(f)	Estimated expenses in relation to the TXB RCN				
	(i) Professional fees, regulatory fees, printing and advertising costs	1.6	1.0	0.6	Within 1 month
	(ii) Upon issuance redemption and/or implementation of the TXB RCN which includes, inter-alia, the administrative fees and the annual fee	8.2	3.3	4.9	Within 2 years
	Total	150.0	60.0	90.0	

Notes:

(1) From the date of drawdown

(2) The breakdown of the utilisation of RM32.7 million is as follows:

Business expansion and working capital of Craveat Group within Malaysia	RM' million
Expansion of TGI Fridays restaurants/outlets in West and East Malaysia and re-imaging of the existing outlets*	25.0
Opening of Teh Tarik Place ("TTP") proprietary restaurants/outlets in Malaysia*	7.2
Marketing and retailing costs for TTP products	0.5
Total	32.7

Note:

* Due to the pandemic, the progress of the expansion into the new outlets have been inadvertently delayed

(3) The breakdown of the utilisation of RM21.2 million is as follows:

Working capital for TXB's core business
Trade suppliers and other third-party trade creditors
General operating expenses e.g. rental expenses
Other miscellaneous expenses e.g. marketing expenses

RM' million
5.0
12.0
4.2
21.2

Total

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(b) Proposed Creditors Debt Settlement

On 21 April 2020, M&A Securities, on behalf the Board, announced that the Company proposes to undertake the proposed settlement of the aggregate amount of RM3,500,000 debt owing to the creditors, namely, Chan Kok San, Jaleeludeen Bin Abu Baker and Ong Sing Eng ("**Creditors**") by the Company and/or its subsidiary, via the issuance of the 55,643,880 new TXB Shares ("**Creditors Settlement Share(s)**") at an issue price of RM0.0629 per Creditors Settlement Share to the Creditors ("**Proposed Creditors Debt Settlement**").

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 Listing Requirements ("**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 TXB Shares, the Board proposes to fully utilise the 20% General Mandate for the issuance of shares under the Private Placement (as defined under Section 4(c) of this Circular).

Accordingly, the Proposed Creditors Debt Settlement was implemented via the approval of TXB's Shareholders which was obtained at the EGM of the Company held on 26 November 2020. The Proposed Creditors Debt Settlement has been completed on 8 December 2020.

(c) 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 proposed private placement was proposed to be undertaken in accordance with the 20% General Mandate.

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 new Shares, representing approximately 15.13% of the Company's total number of issued shares after taking into account inter-alia the demand for TXB 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 TXB Shares, the Board proposes to fully utilise the 20% General Mandate for the issuance of up to 236,461,500 Shares ("**Placement Shares**") under the said proposed private placement ("**Private Placement**").

Bursa Securities had vide its letter dated 11 September 2020, resolved to approve the listing of and quotation for 236,461,500 Placement Shares to be issued pursuant to the Private Placement on the Main Market of Bursa Securities. The Private Placement has been completed following the listing of and quotation for a total of 236,461,500 Placement Shares on the Main Market of Bursa Securities on 22 December 2020 and 24 February 2021.

The details and status of the utilisation of proceeds from the Private Placement as at LPD are as follows:

<u>Utilisation of proceeds</u>	Actual proceeds raised RM' 000	Amount utilised RM' 000	Expected timeframe for utilisation of proceeds
Working capital:			Within 12 months
- Settlement of trade and other creditors	13,000	⁽¹⁾ 9,750	
- Recruitment of technical experts and information technology personnel	3,500	⁽²⁾ 1,213	
- Staff salaries and statutory contributions	6,900	⁽³⁾ 6,900	
- Others general working capital	⁽⁵⁾ 4,420	⁽⁴⁾ 863	
Estimated expenses for the Debt Settlement and Private Placement:			Within 1 month
- Principal adviser fee (inclusive of placement fee)	750	750	
- Legal fee	100	30	
- Authority fee	50	22	
Total	28,720	19,528	

Notes:

(1) *The breakdown of the utilisation of RM9.75 million for the settlement of trade and other creditors is as follows:*

<u>Description</u>	<u>RM' 000</u>
Supplier of raw ingredients for food and beverage business	8,000
Rental of operating premises for food and beverage business	1,750
Total	9,750

(2) *This included the salary and allowances paid to approximately 20 technical experts and information technology personnel of the Group.*

(3) *The staff salaries and statutory contributions incurred mainly for the coke business as well as the food and beverage business of the Group.*

(4) *The breakdown of the utilisation for the others general working capital is as follows:*

<u>Description</u>	<u>RM' 000</u>
Utilities bills	35
Travelling expenses	27
Office related expenses	801
Total	863

⁽⁵⁾ *The actual proceeds raised are being adjusted to the amount earmarked for working capital.*

5. UTILISATION OF PROCEEDS

The actual proceeds to be received by the Company arising from the exercise of the Options will depend on, amongst others, the number of Options granted and exercised at the relevant point in time and the Subscription Price.

As such, the amount of proceeds to be received from the exercise of the Options cannot be determined at this juncture. However, the proceeds arising from the exercise of the Options will be utilised for working capital of the Group which includes, amongst others, salaries and wages, utilities charges, staff related expenses and other operating expenses incurred in the ordinary course of business as and when the proceeds are received throughout the duration of the Proposed ESOS. The proceeds to be utilised for each component of working capital are subject to the Group's operating requirements at the time of utilisation and therefore cannot be determined at this juncture. As such, the exact timeframe for the utilisation of proceeds cannot be determined at this juncture.

Pending the utilisation of proceeds raised as and when the Options are exercised, such proceeds will be placed in interest-bearing deposits with licensed financial institutions or short-term money market instruments as the Board deems fit.

The estimated expenses for the Proposed ESOS are approximately RM100,000, which would be funded via internally generated funds.

6. OVERVIEW, OUTLOOK AND PROSPECTS

6.1 Overview and prospects of the Malaysian economy

The Malaysian economy recorded a negative growth of 3.4% in the fourth quarter (3Q 2020: - 2.6%), largely attributable to the imposition of the Conditional Movement Control Order on a number of states since mid-October. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand. On a quarter on-quarter seasonally-adjusted basis, the economy registered a decline of 0.3% (3Q 2020: +18.2%).

For Malaysia, the momentum in economic recovery was affected by the resurgence in COVID-19 cases and the introduction of targeted containment measures in several states in the fourth quarter. While there were minimal restrictions on production capacity, the movement restrictions implemented in selected states partly affected domestic demand during the quarter.

For 2021, while near-term growth will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, turnaround in public and private sector expenditure amid continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI, and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine rollout from February onwards is also expected to lift sentiments.

(Source: Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2020, BNM)

6.2 Overview and prospects of China's economy

Following a collapse in the first quarter of 2020, economic activity in China has since recovered fast but unevenly. The rollback of lockdown measures combined with a sizable fiscal and monetary policy support led to a quick rebound of economic activity. Real GDP rebounded to 3.2% year-on-year in the second quarter following a 6.8% contraction in the first quarter. Starting in the second half of 2020, economic activity firmed further, and the economy expanded by 4.9% year-on-year in the third quarter, bringing growth in the first three quarters to 0.7% year-on-year. Growth became more broad-based as all components of aggregate demand contributed positively to headline GDP. The recovery, however, relied heavily on public support while private consumption has rebounded but continued to lag. The contribution of net exports to growth has remained positive since the second quarter of this year, supported by rising exports of medical equipment and electronics amid trailing imports.

On the supply side, industrial production has continued to expand at a faster pace than services. Industrial production growth surpassed its pre-pandemic growth rate, expanding by 6.0% year-on-year in 2020 Q3, suggesting supply-side constraints have largely eased. Industrial value-added growth rose across sectors, with auto, machinery equipment, and computer and electronics increasing the most. Growth in the services sector accelerated to 4.3% year-on-year but remained below its pre-pandemic rates, reflecting a slow recovery of sub-sectors that were hit hard by COVID-19, such as transportation and traditional wholesale and retail trade. Meanwhile, output in the agricultural sector expanded by 3.9% in 2020 Q3, faster than during the same period last year, despite the impact of floods on production.

On the demand side, public and real estate investment drove the recovery in economic growth. Following a contraction in the first quarter, gross capital formation accelerated in subsequent quarters, increasing by 11.6% year-on-year in 2020 Q2 and 6.1% in 2020 Q3. Public investment in infrastructure, supported by special bond issuances at the central and local government level, initially drove much of the acceleration in investment, which started to moderate in the second half of this year on receding policy support. The contribution of gross capital formation to overall growth slowed to 2.6% in the third quarter from 5.0% the previous quarter. Meanwhile, growth in manufacturing investment steadily increased as uncertainty eased but continued to trail infrastructure and real estate investment. As investor confidence started to improve on the back of a steady recovery in private sector corporate revenues and profits, private investment also started to firm up in recent months.

The recovery of private consumption was more protracted, held back by losses in household income and lingering behavioral effects of the pandemic. Following a sharp contraction in the first quarter of 2020, consumption started a gradual recovery in subsequent quarters and increased by 3.1% year-on-year in 2020 Q3. It contributed positively to economic growth for the first time this year in the third quarter by 1.7%, helped by an improving labor market, rising household income, lower precautionary savings, and strengthening consumer confidence. Services consumption has been recovering slowly, held back by lingering restrictions in contact-intensive sectors. Retail sales, a key indicator for private consumption, steadily improved across a broad range of consumption goods in recent months.

Trade flows have experienced a strong cyclical post-recession rebound since 2020 Q2— a temporary deviation from the ongoing long-term structural slowing trend. Export sector activity has picked up steadily following the sharp contraction in the first quarter of this year. The rebound in exports, which was initially driven by strong demand for medical supplies and electronic goods in response to increased remote work, has broadened to other product groups that were previously lagging. China's import performance has also been improving on the back of a broadening domestic recovery. China's import growth accelerated in 2020 Q3, supported by broadening and firming domestic demand.

(Source: China Economic Update, World Bank, published in December 2020)

6.3 Overview and prospects of the metallurgical coke industry in China

Coke is a key raw material in manufacturing iron ore and steel. It is manufactured by purifying coking coal until it becomes carbon. In China, coke production has been declining from 479.3 million tonnes in 2013 to approximately 471.3 million tonnes in 2019, recording a negative CAGR of 0.3%.⁽ⁱ⁾

The decline in the coke industry in China has been largely due to the Supply-Side Structural Reforms (“**SSSR**”) and environmental policies enacted by the Government of China. Amongst other objectives, the SSSR resulted in the reduction of excess industrial capacity, particularly in the steel industry. The SSSR forced heavy industries, including steel facilities, to reduce capacity reduction and/or completely cease production should they be unable to meet the parameters given on environmental protection, energy consumption, product quality, production standards, legality and safety. As coke is a key material used in the steel production, a reduction in number of steel facilities led affected demand for coke.

In an effort to address the pollution level in the country, the Government of China has also imposed environmental policies. In 2019, the Government of China released a directive to ensure steel facilities meet ultra-low emission standards (which means that emissions of particulate matter, sulphur dioxide and nitrogen oxide will have to be reduced to 10, 35, and 50 milligrams per cubic metre respectively, as opposed to the current standards of 50, 200 and 300 mg/m³) by 2025. Steel facilities that successfully meet these new standards will receive additional financial and tax support, rendering them more competitive than others. This is expected to result in closure of steel facilities that are less competitive. The closure of steel facilities will also lead to less demand for coke.

Concurrent to lower demand from the steel industry in China, the coke industry is also expected to face lower demand from international markets, arising from:

- (i) lingering uncertainties in the economic environment such as the United States and China trade tensions, which may reduce demand for steel from the United States;
- (ii) economic and geopolitical risks emanating from the United Kingdom Brexit factor, Europe and the Middle East which have affected the economies in these countries. Thus, lower demand for coke and steel is expected from these countries;
- (iii) COVID-19 pandemic which led to a slowdown in most economies around the world. The slowdown is expected to lead to lower construction activities in other countries, thus resulting in lower demand for steel and coke.

In light of the above, the coke industry in China is thus expected to continue to decline.

Notes:

(i) *Source: National Bureau Statistics of China*

(Source: IMR report by Providence)

6.4 Overview and prospects of the ICT industry in Malaysia

ICT solutions are solutions which involve the use of technology to perform operational processes and tasks. These solutions can be applied across all sectors and industries, and for businesses of varying sizes. Among the benefits of ICT solutions are improved productivity, greater efficiency, the need for less manpower, as well as ability to collect and analyse data for better decision making.

Over the years, the ICT solutions industry has evolved to include more advanced technologies. Since the 1970s, ICT solutions have been introduced to the global market in the form of internet technology applications which can automate a specific operational and production process.

Today, the introduction of IoT has enabled the fourth industrial revolution (“**Industry 4.0**”), whereby technology is used to facilitate the interconnectivity between objects such as mobile devices, machines, home appliances and motor vehicles. This enables the digitalisation and integration of value chains, product and service offerings and business models as well as improve communication with customers. As an illustration, smart thermostats can now control the temperature through turning on heaters and air conditioners when the room is unoccupied; environmental sensors can now control air quality and water content in plantations to increase farming productivity and reduce wastage; and wearable devices can now be used to track and trace vital signs and individuals in hospitals. IoT also enables smart cities.

The ICT solution market size in Malaysia is depicted by the sales of ICT hardware, software and services in the country. The industry grew from RM60.5 billion in 2017 to an estimated RM65.2 billion in 2019 at a CAGR of 3.8%.⁽ⁱ⁾

Moving forward, the growth of the ICT solutions market in Malaysia is expected to be driven by the following factors:

(a) Increased usage of internet will facilitate the growth in adoption of ICT solutions, including IoT

Over the years, the number of individuals browsing the internet has been growing. Malaysia’s internet adoption, represented by broadband subscription, increased from 63.4 percentage points, from 68.3% in 2014 to reach 131.7% in 2019.⁽ⁱⁱ⁾ Meanwhile, Malaysia’s mobile internet adoption, represented by mobile broadband subscription, increased from 17.6 million subscriptions in 2014 to 40.4 million subscriptions in 2019, recording a CAGR of 18.1%.⁽ⁱⁱ⁾

As ICT and IoT solutions require strong and stable telecommunication networks to quickly and securely transmit data collected by smartphones, sensors and other technological tools, the growth internet adoption is expected to encourage the proliferation of ICT and IoT solutions.

(b) Various Government initiatives will support the growth of the ICT solutions industry

One of the strategic thrusts of the Eleventh Malaysia Plan is the re-engineering of economic growth for greater prosperity, of which there are 4 focus areas namely the services, manufacturing, agriculture and construction sectors. In the agriculture focus area, among the identified strategies to modernise agriculture in the country include improving productivity and income of farmers, fishermen and smallholders. The adoption of ICT and farming technology will support farm and plantation management as well as allow for precision farming, monitoring and surveillance, dissemination of real-time information on market demand and prices, early detection and warning alerts on disease outbreaks and provide interactive platforms for technical advice. These technologies are expected to improve production efficiency and reduce dependency on labour.

In 2015, MESTECC launched the National IoT Strategic Roadmap, which is a guideline to IoT implementation in the country. The national applied research and development centre, MIMOS Berhad, is tasked with creating a national IoT industry ecosystem that will enable the proliferation of use and industrialisation of IoT as a new source of economic growth. MIMOS Berhad is responsible for strengthening technopreneur capabilities and catalysing an IoT development hub, as well as facilitating research and development of IoT applications and services.

(c) Potential growth from the proposed development of smart cities

Apart from Kuala Lumpur and Cyberjaya, there are several other cities in Malaysia earmarked to be developed as a smart city. This includes Iskandar Malaysia in Johor, Georgetown in Penang and Mukah in Sarawak. Iskandar Regional Development Authority intends to develop Iskandar Malaysia as a smart city by 2025.

(d) Growing number of enterprises indicates an increase in demand from new enterprises

Malaysia has seen a steady growth of newly registered enterprises (as represented by newly registered companies). According to latest available data from the Companies Commission of Malaysia, new enterprises in Malaysia grew from 882,846 in 2009 to 1.4 million in 2020, at a CAGR of 4.2%.⁽ⁱⁱⁱ⁾ This steady growth trend is expected to continue in light of the nation's developing economy over the long-term. The growing number of enterprises registered each year provides opportunities for greater demand for ICT solutions in Malaysia.

Providence anticipates the ICT solutions industry in Malaysia to grow from RM67.5 billion in 2020 to RM72.3 billion in 2022.^(iv) Meanwhile, the global IoT market is anticipated to reach USD772.5 billion in 2018 and forecast to increase to USD1.1 trillion in 2021, growing at a CAGR of 12.5% over the period.^(v) In Malaysia, the economic potential of IoT is forecast to be RM9.5 billion GNI creation by 2020 and is expected to reach RM42.5 billion in 2025.^(v)

Notes:

(i) Source: Providence research

(ii) Source: Malaysian Communications and Multimedia Commissions

(iii) Source: Companies Commission of Malaysia

(iv) Source: Providence

(v) Source: Providence research

(Source: IMR report by Providence)

6.5 Overview and prospects of the E&E industry in China

TXB is involved in the E&E industry in China through its subsidiary, HK Aerospace Group which holds of the intellectual property and global marketing rights of a ultra-capacitor technology and manufacturing operations in China as well as undertake further research and development in international collaborations related to the ultra-capacitor technology.

The total E&E industry size in China, depicted by industry revenue of E&E components, grew from RMB1.4 trillion (RM717.8 billion) in 2013 to an estimated RMB2.0 trillion (RM1.2 trillion) in 2020, registering a CAGR of 5.2%.⁽ⁱ⁾ Moving forward, Providence forecasts the E&E industry in China to reach RMB2.2 trillion (RM1.3 trillion) by 2023, registering a CAGR of 3.5% between 2021 and 2023.⁽ⁱⁱ⁾

The growth of the E&E industry in China is expected to be driven by the following factors:

(a) Growing sales of end-user products in China, particularly for electric vehicles and energy storage system

Electronic components such as batteries are key components in electric vehicles. The number of electric vehicles sold in China increased from 17,600 units in 2013 to 1.2 million units in 2019, registering a CAGR of 102.1%.⁽ⁱⁱⁱ⁾ This has been largely driven by the Government of China's policies to promote the use of electric vehicles in the country. The Government of China aims to have 1 out of 5 cars sold in China to run on alternative fuel by 2025. Several key policies were thus outlined to support the development of electric vehicle industry in the country, including:

- Dual-Credit Scheme for automotive industry to encourage the manufacture of electric vehicles.
- “China 13th Five-Year Plan” that outlined a development plan for the energy sector for 2016-2020. The primary objective of this plan is to build a clean, safe and efficient energy system and place emphasis on promoting electric vehicles. Energy density of lithium cathode material, recycling of used battery and battery recharging network infrastructure form part of the important agendas in the development plan.
- “Energy-Saving and New Energy Automotive Industry Development Plan 2012 - 2020” with a target of 2 million electric vehicles produced by 2020. In order to promote the production of electric vehicles, subsidies will be granted for automotive manufacturer that meet specific requirements.

With the wide spread adoption in green energy resources such as wind and solar power, energy storage systems are becoming important. In addition, energy storage systems are commonly used in the industrial sector in China as a means to reduce electricity costs. Energy storage systems can be charged during low peak hours when electricity costs are significantly lower to be used during high peak hours when electricity costs are higher. The energy storage system market in China, as measured in terms of capacity of energy storage systems in deployment, has been growing healthily having registered a CAGR of 38.0% between 2014 and 2019 from 0.1 gigawatts in 2014 to 0.5 gigawatts in 2019.⁽ⁱⁱⁱ⁾ The growing energy storage system industry in China is expected to drive demand for batteries and related electronic components.

(b) Growing sales of end-user products globally, particularly for electric vehicles and energy storage systems

The global energy storage system market is also a major market for the E&E industry in China. The growth of the global energy storage system market, as indicated by capacity of annual energy storage systems in deployment, grew at CAGR of 57.9% from 0.2 gigawatts in 2013 to 3.1 gigawatts in 2019.⁽ⁱⁱⁱ⁾ This growth is supported by better renewable energy production facilities, supportive government policies and incentives, as well as consumer demand for products which require energy storage systems, thus also driving the growth of the E&E industry.

Globally, the number of electric cars sold increased from 0.2 million in 2013 to 4.8 million in 2019, recording a CAGR of 69.8%.⁽ⁱⁱⁱ⁾ The uptake of electric vehicles looks promising and is attributed to supportive government policies, purchase subsidies, technological advances and environmental awareness. The electric vehicle market is expanding to the electrification of commercial vehicles such as trucks and buses, as well as personal transport modes such scooters and bicycles. As customers anticipate further technological improvements, improved performance and newer models, it is expected that the electric vehicle market will continue growing. This will contribute to the demand for electronic components, being the key components in electric vehicles, benefiting the E&E market in China.

(c) Rapid technological advancements will drive the demand for E&E products

Over the years, technological advancements have led to a greater number of E&E products being invented. These technological advancements vary from product to product, but are generally in terms of size, design, features and performance. As the spending power of the population in China grows, consumers in China would place more importance on keeping up with the latest technology advancements and will thus be more receptive to newer E&E products. The GDP in China increased by a CAGR of 8.9%, from approximately RMB59.3 trillion (RM30.4 trillion) in 2013 to RMB99.1 trillion (RM59.4 trillion) in 2019.⁽ⁱ⁾

Notes:

(i) Source: National Bureau Statistics of China

(ii) Source: Providence

(iii) Source: Providence research

(Source: IMR report by Providence)

6.6 Overview and prospects of the F&B industry in Malaysia

F&B services refer to the provision of services related to the preparation and serving of food and beverages to customers. There are various F&B segments at different price levels, offering a variety of dining options to cater to the diverse demographic of Malaysia. Food culture in Malaysia is diverse, owing to the different ethnic groups and religions in the country.

Full-service restaurants refer to conventional sit-down eateries where patrons are seated and attended to by waiters, with food served directly to their table. Full-service restaurants can be categorised into:

- Casual dining – affordably priced food in a casual atmosphere, catering to the mass market. This segment is popular among families and is suitable for everyday dining. Examples of local casual dining restaurant chains are “Dave’s Deli”, “GO Noodle House”, “Morganfield’s”, “Sushi King” and “Teh Tarik Place”, while international chains include “Chili’s Grill & Bar”, “TGI Fridays” and “Tony Roma’s”; and
- Non-casual dining – more upscale restaurants. Examples of local non-casual dining restaurant chains are “Grand Imperial”, “Oriental”, “Oversea” and “Tai Thong”, while international chains include “Din Tai Fung”.

The overall F&B segment market size in Malaysia, depicted by food service value, grew from RM31.3 billion in 2013 to an estimated RM40.9 billion in 2020, registering a CAGR of 3.9%.⁽ⁱ⁾

As a subset of the overall F&B segment, casual dining accounts for 31.7% of the total market size in 2020.⁽ⁱ⁾ The casual dining segment grew at a CAGR of 3.5% during the period of 2013 to 2020, from RM10.2 billion to an estimated RM13.0 billion.⁽ⁱ⁾

The market experienced a decline in 2020 due to the COVID-19 pandemic, whereby a national lockdown was imposed and the population was unable to dine out.

Moving forward, Providence forecasts the total F&B market to reach RM41.0 billion by 2023, registering a CAGR of 1.5% between 2021 and 2023.⁽ⁱⁱ⁾

The growth of the F&B service market in Malaysia has been, and is expected to continue to be driven by the following factors:

(a) Rising income levels leading to greater spending power for dining out

Malaysia is a developing country with positive economic growth, with its GNI per capita growing from RM36,710 in 2015 to RM42,531 in 2020.⁽ⁱⁱⁱ⁾ As the living standards and disposable income of the population continues to improve, especially for urban households, it is expected to continue contributing to the growth of the F&B market in Malaysia. Specifically, annual expenditure in restaurants rose from RM31.3 billion in 2013 to an estimated RM40.9 billion in 2020, registering a CAGR of 3.9%.⁽ⁱⁱⁱ⁾ The Government of Malaysia had imposed a national lockdown beginning in 2020 due to the COVID-19 pandemic, which had an adverse impact on annual expenditure in restaurants.

As Malaysia continues to experience a rise in urbanisation, this has led to a change in lifestyle of the population as more women join the workforce and people work longer hours. Consequently, this has increased demand for convenience, which has contributed to the increase in the number of F&B outlets as well as delivery and takeaway services.

Compared to rural dwellers, urban residents have greater spending power and lead busier lifestyles, leading to the demand for dining out. As a result of this, the F&B segment in Malaysia is expected to continue experiencing growth in demand from consumers who do not have the time to prepare their own meals.

(b) Evolving F&B trends in Malaysia are expected to contribute to the growth of the F&B market

Malaysians have diverse tastes and preferences with regards to food. The proliferation of different types of restaurants offering different dining options and a variety of cuisines has been instrumental in the growth of the F&B industry in Malaysia. In addition, Malaysia offers a diverse range of cuisines to cater to the tastes of the population.

The F&B market has also been affected by the use of technology, such as placing orders online, reading and leaving reviews, as well as the use of social media as a marketing tool. As with other sectors of the retail industry, going cashless is also becoming more popular through mobile applications such as Grabpay and Favepay.

The high adaptability and acceptance of Malaysian society towards food has cultivated the preference of dining out. This culture contributes to the continuous growth of the F&B market in Malaysia, including the casual dining segment.

(c) Growing number of shopping complexes increases convenience and dining options for consumers

There is a culture of spending time in shopping complexes among Malaysians. A shopping complex is a one-stop centre offering a variety of activities such as retail, dining, entertainment and recreational sports. In addition, events such as property fairs, education fairs and car promotion events are often held in shopping complexes. Malaysians tend to view shopping complexes as a clean and safe environment which is suitable for family outings and to meet up with friends, in addition to running errands.

The number of shopping complexes in Malaysia continues to demonstrate growth, with total supply of shopping complex space in the country growing from 14.1 million square metres in 2013 to 19.2 million square metres in 2020, registering a CAGR of 4.5% during this period.^(iv) There is a total of 1,050 shopping complexes in Malaysia as at 2020, with 269 of them being in the Klang Valley.^(iv)

Notes:

- (i) Source: Providence research
- (ii) Source: Providence
- (iii) Source: Department of Statistics Malaysia
- (iv) Source: National Property Information Centre

(Source: IMR report by Providence)

6.7 Overview and prospects of the F&B industry in China

The total F&B service market size in China, depicted by food service value, grew from RMB3.2 trillion (RM1.6 trillion) in 2013 to an estimated RMB4.6 trillion (RM2.8 trillion) in 2020, registering a CAGR of 5.4%.⁽ⁱ⁾ The market experienced a decline in 2020 due to the COVID-19 pandemic, whereby a national lockdown was imposed and the population was unable to dine out. There was a shift to preparing meals at home and relying on delivery services. Moving forward, Providence forecasts the F&B service market in China to reach RMB4.8 trillion (RM2.9 trillion) by 2023, registering a CAGR of 3.7% between 2021 and 2023.⁽ⁱⁱ⁾

The F&B service market in China has been, and will continue to be driven by the country's rising income levels. The GDP per capita in China increased by a CAGR of 8.4%, from RMB43,684 (RM22,397) in 2013 to RMB70,892 (RM42,521) in 2019.⁽ⁱⁱⁱ⁾ The GDP per capita indicates the disposable income of the population. The growth of the disposable income of the population will continue to support the population's growing demand for dining out in restaurants, thus benefitting the F&B service market in China.

In addition, dining at F&B service outlets is a common lifestyle habit amongst both single adults and families in China. Besides being able to provide food and drink, these establishments are also a venue for them to socialise and entertain. It is expected that the trend of dining out in China will continue after the outbreak of COVID-19 has been kept under control in the country.

There is an increasing number of applications in Malaysia which enable delivery services. Delivery service applications such as "Ele.me" and "Meituan" enable F&B service outlets to not only serve the customers patronising their outlet, but also customers ordering through these applications. These delivery service applications have also been essential in allowing F&B service outlets to operate when the Government of China implemented its national lockdown to curb the spreading of the COVID-19 pandemic in the country. It is anticipated that these applications will continue supporting the growth of the F&B service outlets even after the COVID-19 is kept under control.

Notes:

- (i) Source: Providence research
- (ii) Source: Providence
- (iii) Source: National Bureau Statistics of China

(Source: IMR report by Providence)

6.8 Prospects of TXB Group

The technology and digital transformation businesses within the Group will be the focus area of the Group for growth moving forward. These businesses predominantly technology focused and/or use technology to transcend and stay ahead of its competition and are expected to contribute significantly towards the revenues and profits of the Group.

For ease of understanding, these remaining businesses have been categorized into the following strategic divisions:

(a) Platform

A platform is a business model that creates value by facilitating exchanges between two or more inter-dependent groups, usually consumers and producers. In order to make these exchanges happen, platforms harness and create large, scalable networks of users and resources that can be accessed on demand.

The Group's platform business comprises the following:

- (i) M Squared – M Squared is a community platform super application that was launched in September 2020 with the objective of empowering communities of any kind to have their own application presence without having to bear the cost and overheads of an actual standalone application, while being able to access e-commerce features provided by the platform such as cashless payment acceptance, marketplace, delivery services, booking and reservation, etc. These communities range from merchants, societies, clubs, associations etc. Through M Squared's open application programming interface architecture, any community can develop its own "Mini Application" within the M Squared application. In addition, communities will benefit from the collective user base of all the communities harnessing the true power of economies of scale to lower transaction costs and optimize marketing strategies. TXB's restaurant brands anchored the initial pre-launch phase as the first communities. There are currently 50 merchants and 8,000 users with the target of 1,000 merchants and 250,000 users by June 2022.
- (ii) Part of M Squared's business model also involves licensing its application platform for e-commerce and ticketing monetization. Snappi Store, one of South Africa's more prominent e-commerce webstores with 5,500 existing merchants and approximately 2 million users, has entered into such an arrangement with TXB to enable its group to move their transactions onto an application white labeled by TXB and in turn allowing the group to enjoy recurrent transaction fees off each completed transaction. Another client licensing the M Squared platform for its transactions is Kenya Wildlife Services ("**KWS**"), the state corporation that operates all 39 wildlife parks and national reserves in Kenya. After participating in a tender, TXB has been selected and is currently undergoing due diligence process to be officially appointed as the platform partner to be the official ticketing partner online and offline for all transactions involving KWS. This is expected to generate significant recurrent revenues upon the launch of the white labelled application for the contract duration of 10 years.
- (iii) Smart City

A smart city is a framework, predominantly composed of ICT, to develop, deploy, and promote sustainable development practices to address growing urbanisation challenges. A big part of this ICT framework is essentially an intelligent network of connected objects and machines that transmit data using wireless technology and the cloud. Cloud-based IoT applications receive, analyze, and manage data in real-time to help municipalities, enterprises, and citizens make better decisions that improve quality of life.

TXB is the only company in Malaysia that has developed a fully integrated modular Smart City application platform incorporating various key components of smart city framework. TXB has provided its smart city platform to power Putrajaya Smart City initiative for the past 5 years to develop an integrated platform with all the key functionalities necessary to connect the residents to the council to the merchants and the visitors. Having developed the application for Putrajaya city called Putrajaya Mobile, TXB began to offer the platform model for other states, cities and township. In December 2020, the Group entered into a Letter of Intent with Country Heights Holdings Berhad to develop the Mines Smart City application for the township. Concurrently, the Group is in planning stages with Johor, Melaka, Selangor and Seremban for its smart city services and platform.

(iv) IoT

IoT refers to a system of interrelated, internet-connected objects that are able to collect and transfer data over a wireless network without human intervention.

TXB is focused on IoT for Agriculture given its track record for having completed IoT systems for over 25,000 hectares of palm oil plantation land in Malaysia, Sumatra, Kalimantan and South America.

At the moment, TXB has entered into a joint venture with Top Fruits Sdn Bhd ("**TFSB**"), one of the 5 Malaysian licensed exporters of whole durians to China to develop and commercialize an IoT-enabled Digital Farming platform for durian plantations. The prototype has been developed and implemented in TFSB's plantation and is expected to roll out to other durian plantations by mid-2021.

For palm oil, TXB is in planning stages with several large-scale plantations to enable their IoT roll out. Ongoing discussions are being held with some of the state-owned plantation companies as well.

(v) Communication and Security Solutions

TXB's technology expertise has led to various prospective opportunities in the communications and security space. TXB has participated in numerous tender exercises, both to the public and private sectors to provide solutions in these fields. This is an area of growth for TXB and the Group expects more of such projects to be coming on stream and awarded in the immediate future.

In anticipation of the above, TXB via its subsidiary Touch Point International had partnered with Aiwin Technology, a leader in safety and security AI technologies based in China, has produced a suite of advanced solutions targeted at public safety and law enforcement market. These solutions incorporate facial recognition, crowd control and surveillance, and AI predictive analytics, are positioned to address the needs and demands of local government and law enforcement agencies in Malaysia as well as in the region.

(vi) Energy Storage

With the acquisition of HK Aerospace and the ownership of the 27 ultracapacitor and super battery patents, TXB is one of the very few companies in the world which is able to develop super batteries using rare earth metal. This has resulted in a strong order book including a RMB1 billion contract from KONE, the multinational elevator company. Upon completion of the production line for the KONE contract targeted in 3Q 2021, TXB will be able to benefit from the order books in HK Aerospace and position itself as one of the more exciting companies in the energy storage industry in Asia.

(vii) Technology Driven Food & Beverage

With the acquisition of TGI Fridays in Malaysia and in Beijing, China as well as the homegrown Teh Tarik Place brand, TXB has embarked on a technology driven road map for the F&B business. The brands have anchored the launch of the M Squared community super application, with future technologies such as AI and data analytic to accelerate the growth of the business. There are exciting plans which include developing the Group's last mile delivery network as well as expanding into Malaysia and China via the Teh Tarik Place brand which is currently the only restaurant chain in Malaysia where customers can order for dine-in completely through the application platform.

Whilst the Group believes it has put in place the right strategy and business model to future proof itself, there is no denying the fact that the economic challenges brought about by the COVID-19 pandemic in 2020 will continue to spill over to a large part of 2021 as the vaccinations will take some time to rollout. This can be evidenced by the tough start to 2021 from the social-economic standpoint. Towards this end, TXB will remain vigilant and respond appropriately to any developments that would unfold and capitalise on whatever opportunities that may come its way in effort to make the best out of the situation that the Group is in.

(Source: Management of TXB Group)

7. EFFECTS OF THE PROPOSED ESOS

For illustrative purposes, the effects of the Proposed ESOS have been shown based on the following scenarios:

Minimum Scenario^{(i)(ii)(iii)(iv)} : Based on the total number of issued shares of the Company as at LPD of 1,952,995,093 TXB Shares.

Maximum Scenario^{(i)(ii)(iii)(iv)} : Based on the total number of issued shares of the Company as at LPD of 1,952,995,093 TXB Shares and assuming the following:

- (i) full issuance and conversion of the remaining RCN at the Minimum Conversion Price into 294,751,437 TXB Shares after taking into consideration the Maximum RCN Conversion Shares and RM58,000,000 principal amount of TXB RCN which had been converted into 538,581,896 TXB Shares as at the LPD.

Notes:

- (i) After taking into consideration the following conversion of RCN from 1 January 2020 up to the LPD:-

Date of Listing	Principal Amount of TXB RCN (RM)	Conversion Price (RM)	No. of TXB Shares Converted Into
28-April-21	1,000,000	0.1115	8,968,609
28-April-21	2,000,000	0.1115	17,937,218
07-April-21	1,000,000	0.1173	8,525,149
07-April-21	1,000,000	0.1173	8,525,149
29-Mar-21	4,000,000	0.1162	34,423,407
29-Mar-21	5,000,000	0.1203	41,562,759
17-Mar-21	2,700,000	0.1133	23,830,538
11-Mar-21	7,300,000	0.1133	64,430,714
03-Mar-21	4,000,000	0.1133	35,304,501
24-Feb-21	2,000,000	0.1133	17,652,250
09-Feb-21	2,000,000	0.1148	17,421,602
17-Dec-20	3,000,000	0.1000	30,000,000
17-Dec-20	2,000,000	0.1000	20,000,000
11-Dec-20	1,000,000	0.1000	10,000,000
18-Nov-20	1,000,000	0.1000	10,000,000
29-Sep-20	3,000,000	0.1000	30,000,000
18-Sep-20	4,000,000	0.1000	40,000,000
08-Sep-20	2,000,000	0.1000	20,000,000
03-Sep-20	1,000,000	0.1000	10,000,000
01-Sep-20	1,000,000	0.1000	10,000,000
17-Aug-20	1,000,000	0.1000	10,000,000

Date of Listing	Principal Amount of TXB RCN (RM)	Conversion Price (RM)	No. of TXB Shares Converted Into
10-Aug-20	1,000,000	0.1000	10,000,000
03-Aug-20	3,000,000	0.1000	30,000,000
13-Jul-20	1,000,000	0.1000	10,000,000
11-Jun-20	1,000,000	0.1000	10,000,000
11-Jun-20	1,000,000	0.1000	10,000,000
Total	58,000,000		538,581,896

- (ii) After adjusting for issuance of 55,643,880 TXB Shares at the issue price of RM0.0629 per Share pursuant to the Proposed Creditors Debt Settlement.
- (iii) After adjusting for issuance of 100,000,000 TXB Shares at the issue price of RM0.1098 per Share pursuant to tranche 1 of the Private Placement.
- (iv) After adjusting for issuance of 136,461,500 TXB Shares at the issue price of RM0.1300 per Share pursuant to tranche 2 of the Private Placement.

7.1 Issued share capital

For illustration purposes, the pro forma effects of the Proposed ESOS on the paid-up share capital of TXB as at LPD are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of TXB Shares	Amount RM	No. of TXB Shares	Amount RM
Issued share capital as at the LPD	1,952,995,093	1,202,763,063	1,952,995,093	1,202,763,063
Assuming full issuance and conversion of remaining RCN	-	-	294,751,437	29,475,144
To be issued arising from full exercise of the Options	⁽ⁱ⁾ 292,949,264	⁽ⁱⁱ⁾ 34,304,359	⁽ⁱ⁾ 337,161,900	⁽ⁱⁱ⁾ 39,481,658
Enlarged issued share capital	2,245,944,357	1,237,067,422	2,584,908,430	1,271,719,865

Notes:

- (i) Assuming full exercise of the Options under the Proposed ESOS, amounting up to 15% of the existing total number of issued TXB shares and paid-up share capital of the Company.
- (ii) For illustration purpose only, calculated based on RM0.1171, being approximately 10.0% discount to the 5D-VWAMP of TXB Shares up to and including the LPD of RM0.1301 per Share.

For the avoidance of doubt, the Proposed ESOS will not have an immediate effect on the existing issued and paid-up share capital of the Company until and unless the Options are exercised into new TXB Shares. The issued and paid-up share capital of the Company will increase progressively depending on the number of TXB Shares to be issued pursuant to the exercise of Options.

7.2 NA per Share and gearing

Save for the potential impact of MFRS 2 elaborated in Section 7.3 below, the Proposed ESOS is not expected to have an immediate effect on the NA, NA per Share and gearing of the Group until such time when the ESOS Options to be granted under the Proposed ESOS are exercised. The effects on the NA, NA per Share and gearing of the Group will depend on, amongst others, the Subscription Price of the ESOS Options, the number of new TXB Shares to be issued upon the exercise of the ESOS Options and the potential effect on the future earnings of the Group arising from the adoption of the MFRS 2 on Share-based Payment.

Upon exercise of the ESOS Options, the NA per TXB Share is expected to:

- (a) increase if the Subscription Price is higher than the NA per TXB Share; or
 - (b) decrease if the Subscription Price is lower than the NA per TXB Share,
- at such point of the exercise.

7.3 Earnings and EPS

The Proposed ESOS is not expected to have any immediate effect on the earnings of the Group for the FYE 31 December 2020 as the Proposed ESOS is expected to be established by the 3rd quarter of 2021. However, the EPS of the Group for the FYE 31 December 2021 may be diluted, depending on the number and timing of the Options are exercised.

For illustration purposes, based on the FYE 31 December 2019 audited consolidated financial statements of TXB, the pro forma effects of the Proposed ESOS on the LAT and LPS are as follows:-

	Audited as at 31 December 2019	As at LPD	Minimum Scenario	Maximum Scenario
	RM'000	RM'000	RM'000	RM'000
LAT attributable to:				
Shareholders of TXB	(183,749)	(183,749)	(183,749)	(183,749)
Non-controlling interest	-	-	-	-
	(183,749)	(183,749)	(183,749)	(183,749)
No. of Shares ('000)	1,122,308	1,952,995	2,245,944	2,584,908
LPS attributable to Shareholders of TXB (sen)	(16.37)	(9.41)	(8.18)	(7.11)

With the adoption of the MFRS 2 on Share-based Payment issued by the Malaysian Accounting Standards Board, the potential cost relating to the granting of the Options is required to be measured at the granting date and recognised as an expense in the income statement. Thus, it will reduce the future earnings of TXB Group. The total potential cost of the Options granted would depend on, amongst others, the number of Options granted and the fair value of such Options.

The impact of the granting of the Options on the earnings and EPS of the Group, as a consequence of the recognition of the expense at each date of granting of the Options, cannot be determined at this juncture as it would depend on various factors that affect the fair value, such as volatility of the TXB Shares, the time to maturity of the Options, the Subscription Price and the utilisation of proceeds arising from the exercise of the Options.

It should be noted that such potential costs arising from the granting of the ESOS Options does not represent a cash outflow but only an accounting treatment. The Board has taken note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration of such impact in the allocation and granting of the Options to Eligible Persons.

7.4 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the substantial shareholders' shareholdings until the Options are exercised. Any potential effect on the substantial shareholders' shareholdings will depend on the actual number of new TXB Shares to be issued pursuant to the exercise of the Options, which may result in a dilution in their shareholdings.

7.5 Convertible securities

As at LPD, save for the TXB RCN as disclosed under Section 4(a) of this Circular, the Company does not have any other existing convertible securities:

The Proposed ESOS will not result in the adjustment to the TXB RCN.

8. APPROVALS REQUIRED

The Proposed ESOS is subject to the following approvals being obtained:

- (a) Bursa Securities for the listing of and quotation for up to 15% of the total number of issued TXB Shares to be issued pursuant to the exercise of Options that may be granted under the Proposed ESOS on the Main Market of Bursa Securities;

The approval from Bursa Securities was obtained vide Bursa Securities' letter dated 24 May 2021, subject to the following conditions:

No.	Condition	Status of compliance
(i)	TXB and M&A Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed ESOS;	To be complied
(ii)	TXB is required to furnish Bursa Securities with certified true copy of the resolution passed by the shareholders at the EGM approving the Proposed ESOS;	To be complied
(iii)	TXB and M&A Securities are required to inform Bursa Securities upon completion of the Proposed ESOS;	To be complied
(iv)	TXB 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 ESOS is completed;	To be complied
(v)	TXB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation; and	To be complied

- (vi) Payment of additional listing fees pertaining to the exercise of ESOS Options, if relevant. In this respect, TXB is required to furnish Bursa Securities on a quarterly basis a summary of the total number of new shares listed pursuant to the exercise of ESOS Options as at the end of each quarter together with a detailed computation of the listing fees payable. To be complied

- (b) shareholders of TXB at the forthcoming EGM to be convened for the Proposed ESOS; and
- (c) other relevant authorities (if required).

9. INTER-CONDITIONALITY

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

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

All our Interested Directors are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations as well as the proposed allocations to the persons connected to them under the Proposed ESOS.

The Interested Directors have abstained and will continue to abstain from deliberating, voting and expressing an opinion and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS.

The Interested Directors will also abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on resolutions pertaining to their respective allocations and allocations to persons connected to them under the Proposed ESOS to be tabled at the forthcoming EGM.

The Interested Directors will also undertake to ensure that persons connected to them, if any, will abstain from voting on the resolutions pertaining to their respective allocations and the proposed allocation to the persons connected to them under the Proposed ESOS to be tabled at the forthcoming EGM.

The shareholdings of the Interested Directors in TXB as at the LPD are as follows:

	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	0.62	^(a) 304,492,259	15.59
Liu Guodong	-	-	^(b) 74,000,057	3.79
Datuk Lim Chih Li @ Lin ZhiLi	-	-	-	-
Lim See Tow	-	-	-	-
Zhai Baoxing	-	-	-	-
Balraj Singh Pannu A/L Gajjan Singh	-	-	-	-

Notes:

(a) *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 Naquiyuddin;*
- *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 TXB;*
- *His direct interest of over 20% equity interest in Syarikat Pesaka Radin Sdn Bhd which in turn holds shares in TXB;*
- *His direct interest of over 20% equity interest in Rock Point Alliance Sdn Bhd which in turn holds shares in TXB; 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.*

(b) *Deemed interested pursuant to Section 8 of the Act by virtue of his entire equity interest in Libran Infinity Inc which in turn holds shares in TXB.*

Moving forward, in the event that any other newly appointed Director of the Company and/or persons connected with him/her are entitled to participate in the Proposed ESOS, such Director will abstain from deliberating, voting and expressing an opinion and making any recommendations at all relevant Board meetings in relation to his/her respective allocations as well as allocations to persons connected to him/her, if any, under the Proposed ESOS.

Such Director will also abstain from voting in respect of his/her direct and/or indirect shareholdings in the Company, if any, on resolutions pertaining to his/her respective allocations and allocations to persons connected to him/her under the Proposed ESOS to be tabled at the forthcoming EGM. Further, such Director will ensure that persons connected to him/her, if any, will abstain from voting on the resolutions pertaining to his/her respective allocations and the proposed allocation to the persons connected to him/her under the Proposed ESOS to be tabled at the forthcoming EGM.

The major shareholders namely Rock Point Alliance Pte. Ltd., Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin 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 Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar, Y.M. Tunku Nurul Hayati Binti Tunku Bahador and Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin will abstain from voting in respect of their direct and indirect shareholdings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS.

Save as disclosed above, none of our Directors and major shareholders and/or persons connected to them have interest, direct or indirect, in the Proposed ESOS.

11. DIRECTORS' STATEMENTS AND RECOMMENDATION

The Board, having considered all aspects of the Proposed ESOS, including but not limited to the rationale and effects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of the Company and its shareholders. The Board recommends that you vote in favour of the resolutions in relation to the Proposed ESOS.

However, in view that all the Directors of the Company are eligible to participate in the Proposed ESOS, they have abstained from deliberating and making any recommendations at all relevant Board meetings in relation to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS. They will also abstain and ensure that persons connected to them will abstain, if any, from voting in respect of their direct and/ or indirect interests in the Company, on the resolutions pertaining to their respective allocations as well as allocations to persons connected to them, if any, under the Proposed ESOS at the forthcoming EGM of the Company to be convened.

The Board (save for the Interested Directors who have abstained from expressing any opinion in respect of their respective allocations and to person connected to them under the Proposed ESOS), having considered all aspects of the Proposed ESOS and the proposed allocations of Options under the Proposed ESOS to the Interested Directors is of the opinion that the Proposed ESOS and the said proposed allocations are in the best interests of the Company.

Accordingly, the Board (except that the Interested Directors have abstained from expressing any opinion and recommendation insofar as their specific allocations and to person connected to them under the Proposed ESOS is concerned) recommends that you vote in favour of the resolutions pertaining to the Proposed ESOS and the abovementioned proposed allocations at the forthcoming EGM.

12. ADVISER

M&A Securities has been appointed as the Principal Adviser to the Company for the Proposed ESOS.

13. TENTATIVE TIMELINE

The Proposed ESOS is expected to be implemented by the 3rd quarter of year 2021.

14. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING IMPLEMENTATION

Save as disclosed below and the Proposed ESOS (which is 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:

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

The Board had on 4 March 2020 announced that TXB's wholly-owned subsidiary, Wavetree 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 AI enabled operating models, data analytics and internet of things to drive efficiency.

(b) Master Smart City Technology Partnership Agreement with Country Heights Holdings Berhad

On 25 February 2021, Touchpoint had entered into a Master Smart City Technology Partnership Agreement with Country Heights Holdings Berhad to cooperate in developing, implementing, managing and providing the MSC Platform with integrated digital services, community engagement and smart management functions with a view to positioning Mines Wellness City as a leading smart city in Malaysia. The said agreement shall come into force for a period of 5 years and extendable for a further period of 5 years.

(c) Share purchase agreement ("SPA") with Saraleana Nattaya binti Azmi

On 8 February 2021, TXB had entered into a SPA with Saraleana Nattaya binti Azmi for the proposed acquisition of 10,000,000 ordinary shares, equivalent to 25% of the total issued and paid up share capital of MBits Digital Sdn Bhd ("MBits") for a total purchase consideration of RM12.5 million subject to the terms and conditions as stipulated in the SPA ("**Proposed MBits Acquisition**"). As at LPD, the Proposed MBits Acquisition has not been completed.

15. EGM

The EGM, the notice of which is enclosed with this Circular, will be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 30 June 2021 at 11:30 a.m. or immediately upon the conclusion of the Fifteenth Annual General Meeting of the Company to be held at the same broadcast venue at 10:00 a.m. on the same day, whichever is later, or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions so as to give effect to the Proposed ESOS.

If you are unable to participate and vote at the EGM via live stream and online voting, you may complete the Form of Proxy and deposit it at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not later than forty-eight (48) hours before the time set for holding the EGM. Your proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my>. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking and voting remotely at the EGM should you subsequently wish to do so.

16. FURTHER INFORMATION

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

Yours faithfully,

For and on behalf of the Board of Directors of

TECHNA-X BERHAD

(FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)

DATUK LIM CHIH LI @ LIN ZHILI

Executive Director

ESOS By-laws

TECHNA-X BERHAD
(FORMERLY KNOWN AS SINO HUA-AN INTERNATIONAL BERHAD)
EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

1. NAME OF SCHEME

This ESOS shall be called the "Techna-X Berhad's ESOS".

2. RATIONALE FOR THE SCHEME

The implementation of the ESOS primarily serves to align the interests of the Eligible Persons (herein defined) to the corporate goals of TXB Group. The ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

- (a) To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of TXB Group;
- (b) To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- (c) To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company; and
- (d) To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of TXB Shares, upon exercising of the ESOS Options.

3. DEFINITIONS AND INTERPRETATIONS

3.1 In these ESOS By-laws, the following terms shall, unless the context otherwise requires, have the following meanings:

- "Act" : The Companies Act, 2016 and any amendments made thereto from time to time.
- "Adviser" : Adviser in relation to a listed issuer, means a person who is permitted to carry on the regulated activity of advising corporate finance under the Capital Markets and Services Act 2007, which includes a Principal Adviser as defined in the Securities Commission's Principal Adviser's Guidelines and any amendments made thereto from time to time.
- "Auditors" : The external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.
- "Board" : The Board of Directors of TXB, as may be constituted from time to time.

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“Bursa Securities”	:	Bursa Malaysia Securities Berhad [200301033577 (635998-W)].
“By-laws”	:	The rules, terms and conditions of the scheme as set out herein, and shall include any amendments or variations made thereto from time to time.
“Calendar Days”	:	Means days according to the Gregorian calendar.
“CDS”	:	Central Depository System.
“CDS Account”	:	The account established by the Depository for the recording of deposit and withdrawal of securities and for dealing in such securities by a depositor.
“Central Depositories Act”	:	The Securities Industry (Central Depositories) Act 1991 and any amendments made thereto from time to time.
“Constitution”	:	Constitution of the Company, as may be amended from time to time.
“Date of Acceptance”	:	The date where the ESOS Committee receives written notice from an Eligible Person accepting an Offer.
“Date of Offer”	:	The date on which an Offer is made to an Eligible Person by the ESOS Committee from time to time during the Option Period to participate in the ESOS in accordance with the By-laws.
“Depository Rules”	:	Rules of Depository and any amendments made thereto from time to time.
“Depository”	:	Bursa Malaysia Depository Sdn Bhd [198701006854 (165570-W)].
“Director(s)”	:	All directors of TXB and its Subsidiaries, which are not dormant, and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007 including non-executive directors.
“Effective Date”	:	The date on which the ESOS is implemented in accordance with the ESOS By-laws as provided in ESOS By-law 4.1 and By-law 21.
“Eligible Person(s)”	:	A natural person who is a Director or an employee of the Group (which are not dormant companies) and who meets the criteria of eligibility for participation in the ESOS as stipulated under ESOS By-law 5 and subject to ESOS By-law 5.3.
“ESOS”	:	The employee share option scheme for the grant of Options to Eligible Persons to subscribe for new TXB Shares upon the terms as set out herein, such scheme to be known as the “Techna-X Berhad Employees’ Share Option Scheme”.
“ESOS Committee”	:	The committee comprising Directors and senior management personnel appointed by the Board to administer the ESOS. For the avoidance of doubt, no Director and/or senior management shall participate in the deliberation or discussion on their own ESOS allocation.
“ESOS Option(s)” or	:	The right of a Grantee to subscribe for one (1) TXB Share at the

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“Option(s)”	:	Subscription Price pursuant to an Offer duly accepted by the Grantee in the manner indicated under ESOS By-law 8.
“Grantee”	:	Any Eligible Person who has accepted the Offer in the manner as stipulated under the ESOS By-law 8.
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities including any amendments made thereto from time to time.
“Market Day”	:	A day on which Bursa Securities is open for official trading in securities.
“Maximum Allowable Allotment”	:	The maximum number of new TXB Shares that may be offered and allotted to an Eligible Person in accordance with the provisions of ESOS By-law 6.
“Offer”	:	A written offer, made by the ESOS Committee from time to time to the Eligible Persons to participate in the ESOS in the manner indicated under ESOS By-law 7.
“Option Period”	:	The period commencing from the Date of Offer until the expiry date and/or termination of the ESOS or such other date as may be specifically stated in such Offer for an Eligible Person to exercise the Options provided that no Option Period shall extend beyond the duration of ESOS referred to under ESOS By-law 21 hereof or in the event of a termination of the ESOS, the date of termination of the ESOS.
“Person(s) Connected”	:	Person connected as defined in paragraph 1.01 of the Listing Requirements.
“RM” and “sen”	:	Ringgit Malaysia and sen respectively.
“TXB” or “Company”	:	Techna-X Berhad (<i>formerly known as Sino Hua-An International Berhad</i>) or such other name as may be adopted from time to time
“TXB Group” or “Group”	:	TXB and its Subsidiaries, collectively.
“TXB Share(s)” or “Share(s)”	:	Ordinary share(s) in TXB.
“Subscription Price”	:	The price at which the Grantee shall be entitled to subscribe for each new TXB Share as calculated in the manner indicated under ESOS By-law 9.
“Subsidiary”	:	Any company which is a subsidiary of TXB within the meaning of Section 4 of the Act (which for the avoidance of doubt shall exclude the Company’s associate company(ies)), which are not dormant and shall include any Subsidiary existing as at the Effective Date and any Subsidiary incorporated or acquired at any time during the tenure of the ESOS but excludes subsidiaries which are dormant or have been divested in the manner provided in ESOS By-law 24, and “Subsidiaries” shall be construed accordingly.
VWAMP	:	Volume weighted average market price.

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- 3.2 Any reference to any statute or any statutory provision shall include any regulations and other subordinate legislation made from time to time under that statute or statutory provision and any Listing Requirements, policies and/or guidelines of the relevant authorities (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or the relevant authorities);
- 3.3 Any reference to any statute or any statutory provision shall include that statute or statutory provision as from time to time modified or re-enacted whether before or after the date of these ESOS By-laws so far as such modification or re-enactment applies or is capable of applying to any Options offered and accepted within the duration of the ESOS and shall also include any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- 3.4 Words importing the singular meaning, where the context so admits, include the plural meaning and vice versa;
- 3.5 Words denoting the masculine gender include the feminine and neuter gender and all such words shall be construed interchangeably in that manner;
- 3.6 Any liberty or power which may be exercised or any determination which may be made hereunder by the ESOS Committee may be exercised in the ESOS Committee's discretion;
- 3.7 The term 'month' means a Gregorian calendar month;
- 3.8 The headings in these ESOS By-laws are inserted for convenience of reference only and shall be ignored in the interpretation and construction of the provisions herein contained; and
- 3.9 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day provided always if such date shall fall beyond the duration of the ESOS, then the stipulated day shall be taken to be the preceding Market Day.

4. MAXIMUM NUMBER OF NEW TXB SHARES AVAILABLE UNDER THE SCHEME

- 4.1 The maximum number of new TXB Shares to be allotted and issued pursuant to the exercise of the Options which may be granted under the ESOS shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time throughout the duration of the ESOS as provided in ESOS By-law 21.
- 4.2 Notwithstanding ESOS By-law 4.1 or any other provision herein contained, in the event the maximum number of new TXB Shares comprised in the Options granted under the ESOS exceeds the aggregate of fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) as a result of the Company purchasing its own shares pursuant to Section 127 of the Act or the Company undertakes any other corporate proposal and thereby resulting in the total number of Shares to be issued under the ESOS exceeding fifteen per cent (15%) of the total number of issued shares of the Company, then,
 - (a) such Options granted prior to the adjustment of the total number of issued shares of the Company (excluding treasury shares) shall remain valid and exercisable in accordance with the provisions of this ESOS By-laws; and

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- (b) no further Options shall be offered until the total number of new TXB Shares comprised in the Options granted or to be granted under the ESOS falls below fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares).
- 4.3 The Company will within the duration of the ESOS keep available sufficient unissued TXB Shares in the capital of the Company to satisfy all outstanding ESOS Options, which may be exercised in accordance with this ESOS By-laws.
- 4.4 Each ESOS Option shall be exercisable into one new TXB Share(s), in accordance with the provisions of this ESOS By-laws.
- 5. DETERMINATION OF ELIGIBILITY**
- 5.1 Any Director or employee of any company comprised in the Group shall be eligible to be considered for the offer of Options under the ESOS provided that:
 - (a) the Director or employee shall have attained the age of eighteen (18) years on the Date of Offer and are neither an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (b) they must fulfill such other eligibility criteria as may be determined by the ESOS Committee from time to time;
 - (c) the Director or employee must have been employed by the Company and/or a Subsidiary and his employment as an Eligible Person must have been confirmed on the Date of Offer, irrespective whether he was transferred to a Subsidiary within the TXB Group, in which case he must have been a confirmed employee in that Subsidiary;
 - (d) If the Director or employee is employed by a company which is acquired, and becomes a Subsidiary of the Company upon such acquisition during the duration of the ESOS, the Director or employee must have been a confirmed employee in that Subsidiary following the date that such company becomes or is deemed to be a Subsidiary of the TXB Group; and
 - (e) the Director or employee is an employee of a Subsidiary, which is not dormant.
- 5.2 The ESOS Committee may from time to time at its absolute discretion select and identify suitable Eligible Persons to be offered Options.
- 5.3 In addition to the foregoing, where the Directors are eligible to participate in the ESOS, such entitlement under the ESOS must have been approved by the shareholders of the Company in general meeting.
- 5.4 No Eligible Person shall at any one point in time participate or be eligible to participate in more than one (1) share option scheme or share grant scheme (in any form or manner, and local or foreign) implemented by any corporation within the TXB Group.
- 5.5 In determining the eligibility and allocation of an Eligible Person to participate in the ESOS, the ESOS Committee will take into account among others, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person to the Company and/or Subsidiary, and such other factors that the ESOS Committee deems relevant. Selection for participation in the ESOS shall be at the sole and absolute discretion of the ESOS Committee.
- 5.6 Eligibility under the ESOS shall not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the ESOS and an Eligible Person does not have any rights to

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acquire or have any rights over or in connection with the Options or the new TXB Shares comprised therein unless an Offer has been made in writing by the ESOS Committee to the Eligible Person under ESOS By-law 7 and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the ESOS.

- 5.7 A set of criteria on eligibility and allocation as determined by the ESOS Committee from time to time shall be made available to the Eligible Persons.
- 5.8 An employee who during the duration of the Scheme becomes an Eligible Person may be eligible for Options (to be decided by the ESOS Committee) subject to the Maximum Allowable Allotment for the category to which he has been admitted.
- 5.9 The allotment of Options under By-Law 5.8 shall be from the balance of the Options available under the Scheme subject to the provisions of By-Law 4.1.

6. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOTMENT

- 6.1 Subject to any adjustment which may be made under ESOS By-law 17, the aggregate number of new TXB Shares that may be offered under the Options and allotted and issued to an Eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, amongst other factors, the job grading, length of service, performance appraisal and past and future contributions of the Eligible Person and such other factors that the ESOS Committee may deem relevant subject to the following (“**Maximum Allowable Limit**”):
- (a) that the Directors and senior management do not participate in the deliberation or discussion of their own allocation;
 - (b) the allocation to the Eligible Person who, either singly or collectively through Person Connected with the Eligible Person, holds twenty per cent (20%) or more of the total number of issued shares (excluding treasury shares) of the Company, does not exceed ten per cent (10%) of the total number of the new TXB Shares to be issued under the ESOS; and
 - (c) Not more than seventy-five per cent (75%) of the total number of new TXB Shares available under the ESOS shall be allocated in aggregate to the Directors and senior management of TXB and its subsidiaries, which are not dormant, on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion,

provided always that it is in accordance with any prevailing requirements issued by Bursa Securities, the Listing Requirements or any other relevant authorities as may be amended from time to time.

For the avoidance of doubt, the ESOS Committee shall have sole and absolute discretion in determining (i) whether the granting of the Options to the Eligible Persons will be based on staggered granting over the duration of the ESOS or in one (1) single grant; and/or (ii) whether there is any vesting period for the ESOS Options to be granted and if so, the vesting conditions as determined by the ESOS Committee, which may include amongst others the tenure and performance of the Eligible Persons as measured by both qualitative and quantitative performance indicators (as determined by the ESOS Committee) including financial and non-financial performance measures, and the discretion to waive any such vesting period and/or vesting conditions as the ESOS Committee shall deem appropriate, during the tenure of the ESOS. For the avoidance of doubt, the granting of the ESOS Option(s) whether by staggered or single grant shall be as specified in the offer made by the ESOS Committee to Eligible Person to participate in the ESOS in accordance with this By-laws.

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- 6.2 The number and allocation of Options so offered pursuant to the ESOS and the new Shares arising from the exercise of the Options shall be verified by the ESOS Committee.
- 6.3 At the time the Offer is made in accordance with ESOS By-law 7, the ESOS Committee shall set out the basis of allotment, identifying the category or grade of the Eligible Person and the Maximum Allowable Allotment for the Eligible Person in the differing categories or grades.
- 6.4 Any Eligible Person who holds more than one (1) position within the TXB Group and by holding such positions, the Eligible Person is in more than one category, shall only be entitled to the Maximum Allowable Allotment of any one of those categories. The ESOS Committee shall be entitled at its discretion to determine the applicable category.
- 6.5 In the event that an Eligible Person is promoted, the ESOS Committee shall have the sole and absolute discretion in determining the Maximum Allowable Allotment applicable to such Eligible Person, subject always to the availability of the Options and the maximum number of TXB Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 6.6 An Eligible Person who is demoted to a lower grade for any reason whatsoever shall only be entitled to such Maximum Allowable Allotment corresponding to such demoted category unless the Offer has been made and accepted by him before such demotion, subject always to the maximum number of TXB Shares available under the ESOS as stipulated under ESOS By-law 4.1 and the Maximum Allowable Allotment as set out in ESOS By-law 6.1 and where the demoted Eligible Person has accepted the Offer which exceeds the Maximum Allowable Allotment under the category of employees to which such Eligible Person has been demoted, such Eligible Person shall not be entitled to further allocation under such category.
- 6.7 The ESOS Committee or the Board may in its discretion introduce additional category or grades of employees as it deems necessary during the duration of the ESOS.

7. OFFER OF OPTIONS

- 7.1 (a) The ESOS Committee shall, within the duration of the ESOS as specified in ESOS By-law 21 hereof, make Offers to any Eligible Person whom the ESOS Committee may in its sole and absolute discretion determine in accordance with the terms of the ESOS.
- (b) Notwithstanding subsection (a) above, where it involves an Offer to an Eligible Person who is a member of the ESOS Committee, such grant of Options shall be decided by the Board but carried out by the ESOS Committee. However, if a Board member is made an Offer under this By-laws, the said Board member shall abstain from any decision or discussion pertaining to his allotment of Options.
- 7.2 The actual number of new TXB Shares which may be offered to an Eligible Person shall be at the discretion of the ESOS Committee and, subject to any adjustment that may be made under ESOS By-law 17, shall be in multiples of and not be less than one hundred (100) TXB Shares, but subject to the Maximum Allowable Allotment as set out in ESOS By-law 6.1.
- 7.3 Subject to ESOS By-law 4, nothing herein shall prevent the ESOS Committee from making more than one (1) Offer to an Eligible Person at any point of time after the first Offer provided always that the total aggregate number of new TXB Shares to be offered to the Eligible Person (inclusive of TXB Shares already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allotment as set out in ESOS By-law 6.1.

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- 7.4 No Options will be granted to any Director or a chief executive or a major shareholder of TXB and/ or a Person Connected with a Director or a chief executive or a major shareholder of the Company, who is an Eligible Person, unless the grant of Options to them shall have been previously approved by the shareholders of the Company in general meeting.
- 7.5 Any Offer made by the ESOS Committee shall be made in writing. Such Offer is personal to the Eligible Person to whom the Offer is made, and is non-assignable, non-transferable, non-chargeable and non-disposable in any manner whatsoever.
- 7.6 Unless otherwise approved in writing by the ESOS Committee in its absolute discretion, any Offer shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the TXB Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in ESOS By-law 8 hereof.
- 7.7 The ESOS Committee shall in its letter of offer ("**Offer Letter**") to an Eligible Person set out (amongst others) the number of new TXB Shares that may be subscribed for under the Offer, the Maximum Allowable Allotment, the Subscription Price, Option Period, the closing date for acceptance of the Offer and the manner of exercise of the Options.
- 7.8 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allotment, the number of Options offered and accepted, the number of Options exercised, the Date of Offer and the Subscription Price.
- 7.9 Without prejudice to ESOS By-law 18, in the event the Offer Letter contains an error on the part of the Company in stating any of the particulars in ESOS By-law 7.7 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within one (1) month of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for Options which have already been exercised as at the date of the revised Offer Letter.

8. ACCEPTANCE OF OFFER

- 8.1 The Offer to participate in the ESOS shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case to case basis at its discretion ("**Prescribed Period**").
- 8.2 If an Eligible Person wishes to accept the Offer made to it under ESOS By-law 8.1, he shall do so within the Prescribed Period by a written notice to the ESOS Committee in the form prescribed by the ESOS Committee and accompanied by a payment to the Company of a nominal non-refundable cash consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options pursuant to the Offer. The day of receipt of such written notice shall constitute the Date of Acceptance.
- 8.3 If the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the Prescribed Period be deemed rejected by the Eligible Person and shall automatically lapse and shall be null and void and be of no further effect, and the Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.

9. SUBSCRIPTION PRICE

Subject to any adjustments in accordance with ESOS By-law 17, the Subscription Price shall be determined by the Board upon recommendation of the ESOS Committee and shall be fixed based

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on the 5-day VWAMP of TXB Shares, as quoted on Bursa Securities, immediately preceding the Date of Offer with a discount of not more than ten per cent (10%) to the said price, if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as may be amended from time to time during the Option Period.

The Subscription Price as determined by the Board upon recommendation of the ESOS Committee which shall be conclusive and binding on the Grantee.

10. EXERCISE OF OPTIONS

- 10.1 Subject to ESOS By-law 8, the Options granted to an Eligible Person pursuant to an Offer under the ESOS is exercisable by the Eligible Person in full or by such lesser number as the Eligible Person may be entitled under the Options at any time during the Option Period.

If the Options in an Offer are exercisable in such lesser number by the Eligible Person during the Option Period, the remaining number can be exercised by him from time to time during his lifetime whilst the Grantee is in the employment of the TXB Group within the Option Period.

- 10.2 Subject to any adjustments in accordance with ESOS By-law 17, the ESOS Committee may, at any time and from time to time after the Options are granted pursuant to ESOS By-law 7, within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee at its sole and absolute discretion including amending/varying any terms and conditions imposed earlier subject always to the provisions of ESOS By-law 17.
- 10.3 The Grantee shall notify the ESOS Committee in writing in the prescribed form of the Grantee's intention to exercise the Options. If the Options are exercised in respect of such lesser number as the Grantee may so decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) TXB Shares. Such partial exercise of the Options shall not preclude the Grantee from exercising the Options as to the balance thereof at any time in the future but within the Option Period. In the event the balance of TXB Shares exercisable by a Grantee in accordance with these ESOS By-laws shall be less than one hundred (100) TXB Shares, the said balance shall, if exercised, must be exercised in a single tranche.
- 10.4 Every such notice to exercise the Options shall be accompanied by a remittance for the full amount of the Subscription Price monies in relation to the number of TXB Shares in respect of which the written notice is given. The Company shall endeavour to allot and issue such new TXB Shares to the Grantee in accordance with the provisions of the Constitution, the Central Depositories Act and the Depository Rules, despatch the notice of allotment to the Grantee and make an application for the listing and quotation for the new TXB Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be prescribed by Bursa Securities.
- 10.5 Any failure to comply with the foregoing provisions and/or to provide all information as required in the notice of exercise referred to in ESOS By-law 10.3 or inaccuracy in the information provided shall result in the notice of exercise being rejected. The ESOS Committee shall inform the Grantee of the rejection of the said notice within fourteen (14) Calendar Days from the date of the rejection and the Grantee shall be deemed not to have exercised his Options.
- 10.6 The Grantee who exercises his Options shall provide the ESOS Committee with his CDS Account number in the notice referred to in ESOS By-law 10.3. The new TXB Shares to be issued pursuant to the exercise of the Options will be credited directly into the CDS Account of the Grantee and a notice of allotment and issuance stating the number of new TXB Shares credited into the CDS Account will be issued to the Grantee and no physical share certificate will be issued.

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- 10.7 All Options to the extent unexercised on the expiry of the Option Period applicable thereto shall lapse and have no further effect.
- 10.8 An eligible Director who is a non-executive Director in the Company shall not sell, transfer or assign the TXB Shares obtained through the exercise of Options offered to him within one (1) year from the Date of Offer pursuant to the Listing Requirements as may be amended from time to time or other prevailing applicable guidelines.
- 10.9 Each Grantee shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the ESOS Committee.
- 10.10 The Company, the Board (including Directors of TXB who have resigned but were on the Board during the Option Period) and the ESOS Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities, gains or profits foregone howsoever arising in the event of:
- (a) any delay on the part of the Company in procuring Bursa Securities to list and quote the new TXB Shares allotted and issued to a Grantee pursuant to the exercise of the Options by the Grantee; and/or
 - (b) any delay in crediting the said new TXB Shares into the CDS Account of the Grantee with the nominee; and/or
 - (c) any other matter or dealing which is outside the control of the Company.
- 10.11 Every Option shall be subject to the condition that no new TXB Shares shall be issued to the Grantee pursuant to the exercise of an Option if such an issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

11. NON-TRANSFERABILITY, TERMINATION OF OPTIONS AND SUSPENSION

- 11.1 An Option is personal to the Grantee and subject to ESOS By-law 11.2 is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any Group company and within the Option Period.
- 11.2 In the event of the cessation of employment of a Grantee with the TXB Group for whatever reason prior to the exercise of his Options or prior in full exercise of his Options, such Options shall cease immediately on the date of such cessation without any claim against the Company PROVIDED ALWAYS THAT subject to the written approval of the ESOS Committee in its discretion if such cessation occurs by reason of:-
- (a) retirement on attaining the retirement age under the TXB Group's policy;
 - (b) retirement before attaining the normal retirement age but with the consent of the Board;
 - (c) redundancy or any voluntary separation scheme;
 - (d) ill-health, injury, physical or mental disability; or
 - (e) any other circumstances which are acceptable to the ESOS Committee, such Options shall remain exercisable during the Option Period.

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Upon the termination of Options pursuant to the above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the ESOS which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise his/her Options or his/her Options ceasing to be valid.

- 11.3 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.
- 11.4 In the event of the death or termination of employment of a Grantee with the TXB Group for whatsoever reason prior to the full exercise of the Options, such Options or the balance thereof, as the case may be, shall forthwith become void and cease to have further effect and the TXB Shares in respect of such Options may be re-offered to other Eligible Persons at the absolute discretion of the ESOS Committee.
- 11.5 The Option shall immediately become void and of no effect upon the following circumstances:
- (a) the bankruptcy of the Grantee or the Grantee being adjudicated a bankrupt; or
 - (b) a disciplinary action is taken on the Grantee pursuant to ESOS By-law 11.6; or
 - (c) any other circumstances as may be determined by the ESOS Committee.
- 11.6 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of services of such Grantee or are found to have had no basis or justification), the ESOS Committee shall have the right, at its discretion, to suspend the rights of the Grantee to exercise the Grantee's Option(s) pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS that:
- (a) in the event such Grantee shall subsequently be found not guilty of the charge(s) which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such Grantee to exercise the Grantee's Option(s) as if such disciplinary proceeding had not been instituted in the first place;
 - (b) in the event such Grantee is found guilty of the charge(s) and the same results in the dismissal or termination of service of such Grantee, the Option(s) shall immediately upon pronouncement of the dismissal or termination of service of such Grantee, automatically lapse without notice and thereafter shall be null and void and be of no effect notwithstanding that such recommendation may be subsequently challenged by the Grantee in any other forum; or
 - (c) in the event such Grantee is found guilty of the charge(s) but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its sole and absolute discretion whether or not the Grantee may continue to exercise the Grantee's Option(s) and, if so, to impose such terms and conditions as it deems appropriate, for the exercise thereof; or
 - (d) in the event that no decision is made and/or disciplinary proceedings are not concluded prior to the expiry of the Exercise Period, the Options of such Grantee shall immediately lapse on the expiry of the Exercise Period without notice.

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- 11.7 Where a Grantee dies before the expiry of the Option Period and at the time of his death held unexercised Options, such Options shall cease immediately on the date of such death without any claim against the Company PROVIDED ALWAYS THAT, subject to the written approval of the ESOS Committee in its discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death provided that such exercise shall be within the Option Period and shall not be later than twelve (12) months after the date of his death.
- 11.8 If the ESOS Committee in its absolute discretion determine that a Subsidiary is not an eligible Subsidiary for purposes of the ESOS, a Grantee who was in the employment of such Subsidiary and who has not yet exercised the Options shall not be entitled to exercise such Options unexercised on the date such Subsidiary is determined by the ESOS Committee not to be eligible unless the ESOS Committee otherwise decides. Such Grantee shall not be eligible to participate in any further Options. Where the ESOS Committee decides not to allow the Grantee to exercise such Options which is unexercised on the date such Subsidiary is no longer eligible as an eligible Subsidiary, then the TXB Shares in respect of such unexercised Options may be re-offered to other Eligible Persons at the discretion of the ESOS Committee.
- 11.9 In the event of the liquidation of the Company, all unexercised or partially exercised Options shall lapse and cease to be valid and be null and void.

12. TAKE OVER OFFER, SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC

- 12.1 Notwithstanding ESOS By-law 10 and ESOS By-law 21 and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of:
- (a) a take-over offer being made for the Company, under the Capital Markets and Services Act, 2007, Rules on Take-overs, Mergers and Compulsory Acquisitions 2016 and the Malaysian Code on Take-Overs and Mergers 2016 (or any replacement thereof), to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the “person making the take-over (“**Offeror**”) or any persons acting in concert with the Offeror) and such offer becoming or being declared unconditional, a Grantee will be entitled within such period to be determined by the ESOS Committee, to exercise all or any part of the Grantee’s Options and the Directors of TXB shall use their best endeavours to procure that such a general offer be extended to the new TXB Shares that may be issued pursuant to the exercise of the Options under these ESOS By-laws; and
 - (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of new TXB Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Company that it intends to exercise such right on a specific date (“**Specific Date**”), a Grantee who is holding outstanding exercisable Options will be entitled to exercise all or any part of the Grantee’s Options from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised.

In the foregoing circumstances, if the Grantee fails to exercise his Options or elects to exercise only in respect of a portion of such TXB Shares, then any Options to the extent unexercised by the expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and be null and void.

- 12.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the

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Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised ESOS Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.

13. RANKING OF THE NEW TXB SHARES

The new TXB Shares to be allotted and issued upon the exercise of the Options under the ESOS will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued share capital of the Company except that the new TXB Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions where the entitlement date (namely the date as at the close of business on which shareholders of the Company must be entered in the Record of Depositors maintained with the Depository in order to be entitled to any dividends, rights, allotments or other distributions) precedes the date of allotment of the new TXB Shares and will be subject to all the provisions of the Constitution of the Company and Listing Requirements relating to transfer, transmission or otherwise of the TXB Shares.

14. RETENTION/RESTRICTION PERIOD OF TXB SHARES

Save for ESOS By-law 10.8, the new TXB Shares allotted and issued to a Grantee pursuant to the exercise of the Options will not be subject to any retention period or restriction on transfer, disposal and/ or assignment. However, the Company encourages Grantees to hold the new TXB Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the new TXB Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for immediate realisation to yield a profit.

A Grantee who is a non-executive director of the TXB Group must not sell, transfer or assign new TXB Shares obtained through the exercise of Options offered to him pursuant to the Scheme within one (1) year from the Date of Offer of such Options.

15. QUOTATION FOR THE NEW TXB SHARES

The new TXB Shares (if any) to be allotted and issued to the Grantee pursuant to the exercise of the Options will not be listed or quoted on Bursa Securities, until the Options are exercised in accordance with ESOS By-law 10 whereupon the Company shall, subject to it having obtained the prior written approval of Bursa Securities and/or other relevant authorities, and making applications to Bursa Securities for the listing and quotation for such additional TXB Shares on Bursa Securities, use its best endeavour to obtain permission for dealing therein.

16. OBLIGATION OF COMPANY AS REGARD TO SHARE CAPITAL

The Company shall during the Option Period keep available sufficient approved new TXB Shares in the share capital of the Company to satisfy all outstanding Options granted under the ESOS throughout the duration of the ESOS.

17. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

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- 17.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital or any other variations of capital or howsoever otherwise taking place, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment (if any) to be made to:
- (i) the Subscription Price;
 - (ii) the number of new TXB Shares comprised in the Options by an Offer or any portion thereof which have not been exercised; and /or
 - (iii) the number of new TXB Shares and/or Subscription Price comprised in an Offer which is open for acceptance (if such Offer is subsequently accepted in accordance with the terms of the Offer and the ESOS),

and shall be adjusted in accordance with the following formula:

- (a) If and whenever the Company shall make any issue of new TXB Shares to ordinary shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \left[\frac{A+B}{A} \right] \right] - T$$

where:

- A = the aggregate number of issued and fully paid-up TXB Shares immediately before such capitalisation issue;
- B = the aggregate number of TXB Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and
- T = existing number of Options held.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (b) If and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for TXB Shares by way of rights; or

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- (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into TXB Shares or securities with rights to acquire or subscribe for TXB Shares,

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in ESOS By-law 17.1(b)(ii) hereof, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[T \times \left[\frac{C}{C-D^*} \right] \right] - T$$

where:

- T = T in ESOS By-law 17.1(a);
- C = the Current Market Price (as defined in ESOS By-law 17.1(f)) of each TXB Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of an offer or invitation to acquire or subscribe for TXB Shares under ESOS By-law 17.1(b)(ii) above or for securities convertible into TXB Shares or securities with rights to acquire or subscribe for TXB Shares under ESOS By-law 17.1(b)(iii) above, the value of rights attributable to one (1) TXB Share (as defined below); or
- (bb) in the case of any other transaction falling within ESOS By-law 17.1(b), the fair market value, as determined (with the concurrence of the Auditors and/or the Adviser), of that portion of the Capital Distribution attributable to one (1) TXB Share.

For the purpose of definition (aa) of D above, the “value of rights attributable to one (1) TXB Share” shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = C in ESOS By-law 17.1(b);
- E = the subscription price for one (1) additional TXB Share under the terms of such offer or invitation or one (1) additional security convertible into TXB Shares or one (1) additional security with rights to acquire or subscribe for TXB Shares;
- F = the number of TXB Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional TXB

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Share or security convertible into TXB Shares or with right to acquire or subscribe for TXB Shares; and

D* = the value of the rights attributable to one (1) TXB Share (as defined below).

For the purpose of D* above, the “value of the rights attributable to one (1) TXB Share” shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:-

C = C in ESOS By-law 17.1(b);

E* = the subscription price for one (1) additional TXB Share under the terms of such offer or invitation to acquire or subscribe for TXB Shares; and

F* = the number of TXB Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional TXB Share.

For the purpose of ESOS By-law 17.1(b) hereof, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of TXB Shares (other than an issue falling within ESOS By-law 17.1(a)) or other securities issued by way of capitalisation of profits or reserves (whether of a capital or income nature).

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (c) If and whenever the Company makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) or ESOS By-law 17.1(b)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) above and also makes any offer or invitation to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[\frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

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- B = B in ESOS By-law 17.1(a);
- C = C in ESOS By-law 17.1(b);
- G = the aggregate number of issued and fully paid-up TXB Shares on the entitlement date;
- H = the aggregate number of new TXB Shares under an offer or invitation to acquire or subscribe for TXB Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into TXB Shares or rights to acquire or subscribe for TXB Shares, as the case may be;
- H* = the aggregate number of new TXB Shares under the offer or invitation to acquire or subscribe for TXB Shares by way of rights;
- I = the subscription price of one (1) additional TXB Share under the offer or invitation to acquire or subscribe for TXB Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional TXB Share, as the case may be;
- I* = the subscription price of one (1) additional TXB Share under the offer or invitation to acquire or subscribe for TXB Shares; and
- T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for such issue.

- (d) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for TXB Shares as provided in ESOS By-law 17.1(b)(ii) together with an offer or invitation to acquire or subscribe for securities convertible into TXB Shares or securities with rights to acquire or subscribe for TXB Shares as provided in ESOS By-law 17.1(b)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = \left[\frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- C = C in ESOS By-law 17.1(b);
- G = G in ESOS By-law 17.1(c);
- H = H in ESOS By-law 17.1(c);
- H* = H* in ESOS By-law 17.1(c);
- I = I in ESOS By-law 17.1(c);
- I* = I* in ESOS By-law 17.1(c);

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- J = the aggregate number of TXB Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for TXB Shares by the ordinary shareholders;
- K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional TXB Share; and
- T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (e) If and whenever the Company makes an allotment to its ordinary shareholders as provided in ESOS By-law 17.1(a) and also makes an offer or invitation to acquire or subscribe for TXB Shares to its ordinary shareholders as provided in ESOS By-law 17.1(b)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for TXB Shares as provided in ESOS By-law 17.1(b)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the additional number of Options which a Grantee may be entitled to be issued with, shall be calculated as follows:

$$\text{Additional number of Options} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

where:

- B = B in ESOS By-law 17.1(a);
- C = C in ESOS By-law 17.1(b);
- G = G in ESOS By-law 17.1(c);
- H = H in ESOS By-law 17.1(c);
- H* = H* in ESOS By-law 17.1(c);
- I = I in ESOS By-law 17.1(c);
- I* = I* in ESOS By-law 17.1(c);
- J = J in ESOS By-law 17.1(d);
- K = K in ESOS By-law 17.1(d); and
- T = T in ESOS By-law 17.1(a).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day following the entitlement date for the above transaction.

- (f) If and whenever consolidation or subdivision or conversion of Shares occurs, the Subscription Price shall be adjusted in the following manner:

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- (i) the Subscription Price shall be adjusted by multiplying it by the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion

$$\frac{L \times M}{N}$$

- (ii) the number of Options shall be adjusted by multiplying the aggregate number of issued and fully paid-up Shares immediately after such consolidation or subdivision or conversion and dividing the aggregate number of issued and fully-paid up Shares immediately before such consolidation or subdivision or conversion

$$\frac{N \times O}{L}$$

where:

L = the aggregate number of TXB Shares (excluding Shares held as treasury shares, if any) issued and fully paid-up immediately before such consolidation or subdivision or conversion;

M = existing Subscription Price

N = the aggregate number of TXB Shares (excluding Shares held as treasury shares, if any) immediately after such consolidation or subdivision or conversion.

O = existing number of Options that remains unexercised.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective or such other date as may be prescribed by Bursa Securities.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of TXB and requiring an adjustment under By-law 17.1(b)(ii) or ESOS By-law 17.1(b)(iii), (c), (d) or (e) above), TXB shall issue either any TXB Shares or any securities convertible into TXB Shares or any rights to acquire or subscribe for TXB Shares, and in any such case, the Total Effective Consideration per TXB Share (as defined below) is less than ninety percent (90%) of the Average Price for one (1) TXB Share (as defined below) or, as the case may be, the price at which TXB Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{P + Q}{P + R}$$

where:

P = the number of TXB Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

Q = the number of TXB Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and

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R = the aggregate number of TXB Shares so issued or, in the case of securities convertible into TXB Shares or rights to acquire or subscribe for TXB Shares, the maximum number (assuming no adjustment of such rights) of TXB Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-law 17.1(g), the “Total Effective Consideration” shall be determined by the Board with the concurrence of an auditor or relevant expert in the following manner:

- (i) in the case of the issue of TXB Shares, the aggregate consideration receivable by TXB on payment in full for such TXB Shares; or
- (ii) in the case of the issue by TXB of securities wholly or partly convertible into TXB Shares, the aggregate consideration receivable by TXB on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by TXB upon full conversion of such securities (if any); or
- (iii) in the case of the issue by TXB of securities with rights to acquire or subscribe for TXB Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by TXB upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and “Total Effective Consideration per TXB Share” shall be the Total Effective Consideration divided by the number of TXB Shares issued as aforesaid or, in the case of securities convertible into TXB Shares or securities with rights to acquire or subscribe for TXB Shares, by the maximum number of TXB Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-law 17.1(g), the Average Price of a TXB Share shall be the average price of one (1) TXB Share as derived from the last dealt prices for one or more board lots of TXB Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such TXB Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which TXB determines the offering price of such TXB Shares. Each such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

- (f) For the purposes of ESOS By-laws 17.1(b), (c), (d) and (e) above, the “Current Market Price” in relation to one (1) TXB Share for any relevant day shall be the average of the last dealt prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.

Such adjustments must be confirmed in writing either by the Auditors or the Adviser for the time being (acting as experts and not as arbitrators), upon reference to them by the ESOS Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) cent;
- (b) In the event that a fraction of a new TXB Share arising from the adjustment referred to in this ESOS By-law would otherwise be required to be issued upon the exercise of the Options by the Grantee, the Grantee’s entitlement shall be rounded down to the nearest whole number;
- (c) Upon any adjustment being made pursuant to this ESOS By-law, the ESOS Committee shall, within thirty (30) Calendar Days of the effective date of the alteration in the capital structure of the

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Company, notify the Grantee (or his legal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new TXB Shares thereafter to be issued on the exercise of the Options; and

- (d) Any adjustments made must be in compliance with the provisions for adjustment as provided in this ESOS By-law.

Nevertheless, any adjustments to the Subscription Price and/or the number of new TXB Shares comprised in the Options so far as unexercised arising from bonus issues, need not be confirmed in writing by the Auditors or the Adviser (as the case may be) of the Company.

17.2 Save as expressly provided for herein, the Auditors or Adviser (as the case may be) must confirm in writing that the adjustments are in their opinion fair and reasonable and, in the absence of manifest error, their decisions shall be conclusive and binding on all person having an interest in the Options.

17.3 The adjustment pursuant to this ESOS By-law shall be effective on the Market Day immediately following the entitlement date for the event giving rise to the adjustment.

17.4 No adjustments shall be made to the Subscription Price and/or the number of TXB Shares comprised in the Options or any portion thereof that is unexercised when the alteration in the capital structure of the Company arises from:

- (a) an issue of new TXB Shares or other securities convertible into TXB Shares or with rights to acquire or subscribe for TXB Shares in consideration or part consideration for an acquisition of any other securities, assets or business; or
- (b) a special issue of new TXB Shares or other securities to Bumiputera investors nominated by the Ministry of International Trade and Industry and/or any other government authority to comply with Malaysian Government's policy on Bumiputera capital participation; or
- (c) a private placement or restricted issue of new TXB Shares by the Company; or
- (d) an issue of new TXB Shares arising from the exercise of any conversion rights in respect of any securities convertible into new TXB Shares including but not limited to warrants and convertible loan stocks; or
- (e) an issue of new TXB Shares upon the exercise of Options granted under the ESOS; or
- (f) a purchase by the Company of its own TXB Shares pursuant to Section 127 of the Act.

17.5 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to the Act, ESOS By-law 17.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.1 is applicable, but ESOS By-law 17.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which ESOS By-law 17.4 is applicable.

17.6 Notwithstanding the provision referred to in this ESOS By-law 17, in any circumstances where the Board considers that any adjustment to the Subscription Price and/or the number of TXB Shares comprised in the Options or any portion thereof that is unexercised under the said provision should be adjusted or calculated on a different basis or date or should take effect on a different date or that an adjustment to the Subscription Price and/or the number of TXB Shares comprised in the Options or any portion thereof should be made notwithstanding that no such adjustment is required under the said provisions, the Company may but it is not obliged to appoint an Adviser and/or the Auditors to consider for any reason whatsoever the adjustment to be made (or the absence of any

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adjustment) or the adjustment to be made in accordance with the provisions of this ESOS By-law 17 is appropriate or inappropriate, as the case may be and if such Adviser and/or the Auditors shall consider the adjustment to be inappropriate, that adjustment shall be modified or nullified (or an adjustment made even though not required to be made) in such manner as shall be considered by such Adviser and/or the Auditors to be in its opinion appropriate.

- 17.7 The decision of the Board as to whether any adjustment shall be made or not made to the Subscription Price and and/or the number of TXB Shares comprised in the Options or any portion thereof pursuant to this ESOS By-law 17 shall be binding, final and conclusive.

18. ADMINISTRATION OF THE SCHEME

The ESOS shall be administered by the ESOS Committee appointed by the Board. The Board shall have the discretion as it deems fit from time to time to approve, rescind and/or revoke the appointment of any person(s) in the ESOS Committee. The ESOS Committee shall be vested with such powers and duties as are conferred upon it by the Board. The ESOS Committee may for the purpose of administering the ESOS do all acts and things and enter into any transaction, agreement, deed, document or arrangement, and make rules, regulations or impose terms and conditions or delegate part of its powers relating to the ESOS, which the ESOS Committee may in its discretion consider to be necessary or desirable to give full effect to the ESOS and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interest of the Company. The ESOS Committee shall comprise representative(s) from the Board and other persons appointed from time to time by the Board.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

- 19.1 Subject to ESOS By-law 19.2, ESOS By-law 19.3 and By-law 25, the ESOS Committee may at any time and from time to time recommend to the Board any additions and amendments to or deletions of these ESOS By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these ESOS By-laws upon such recommendation subject to the Company submitting a letter of compliance to Bursa Securities each time an amendment is made, that the said amendment to the ESOS By-laws is in compliance with the provisions of the Listing Requirements pertaining to employee share option schemes and Depository Rules pursuant to Paragraph 2.12 of the Listing Requirements.
- 19.2 Subject to ESOS By-law 19.3 and By-law 25, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions or amendments to or deletions of these ESOS By-laws PROVIDED THAT no additions, amendments or deletions shall be made to these ESOS By-laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without his prior consent; or
 - (b) prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (c) increase the number of TXB Shares available under the ESOS beyond the maximum imposed by ESOS By-law 4.1; or
 - (d) provide an advantage to any Grantee or group of Grantees or all Grantees.
- 19.3 For the purposes of complying with the provisions of the Listing Requirements, ESOS By-laws 4.1, 5.1, 6.1, 8.2, 9, 10.1, 10.8, 12, 13, 17, 20, 21.3 and this ESOS By-law 19.3 respectively shall

ESOS By-laws

not be amended or altered in any way whatsoever for the advantage of Eligible Persons without the prior approval of shareholders in general meeting.

20. LIQUIDATION OF THE COMPANY

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this ESOS By-law 20). Each Grantee (or his or her legal personal representative(s)) shall thereupon be entitled to exercise all or any of his Options at any time not later than five (5) business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

In the event that any order is made or a special resolution is passed for the liquidation of the Company, all unexercised or partially exercised Options shall automatically lapse and shall be null and void and have no further effect.

21. DURATION OF THE SCHEME

- 21.1 The Effective Date for the implementation of the ESOS shall be at the date of full compliance with all relevant requirements in the Listing Requirements including the following:
- (a) submission of the final copy of the ESOS By-laws to Bursa Securities together with a letter of compliance pursuant to paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (b) receipt of approval or approval-in-principle, as the case may be from Bursa Securities for the listing and quotation of the new TXB Shares to be issued pursuant to the exercise of Options granted under the ESOS;
 - (c) procurement of shareholders' approval for the ESOS;
 - (d) receipt of approval of any other relevant authorities (where applicable); and
 - (e) fulfilment of all conditions attached to the above approvals (if any).
- 21.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance with the relevant requirements of the Listing Requirements stating the Effective Date together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.
- 21.3 Subject to ESOS By-law 25, the ESOS shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of up to five (5) years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial ESOS period stipulated above and such extension of the ESOS made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date ("**Date of Expiry**").

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For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be) and the Company shall serve appropriate notices on each Grantee and/or make any necessary announcements to any parties and/ or Bursa Securities (if required).

- 21.4 In the event the Board elects to extend or renew the ESOS for a further period of up to five (5) years as provided in By-law 21.3. The Board may resolve to extend or renew the ESOS on or before the fifth (5th) anniversary of the Effective Date.
- 21.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

22. COSTS AND EXPENSES OF THE SCHEME

All fees and costs incurred in relation to the ESOS including but not limited to the fees, costs and expenses relating to the issue and allotment of the new TXB Shares pursuant to the exercise of any Options, shall be borne by the Company save and except for any tax (including income tax), if any, arising from the Offer and/or exercise of any Options under the ESOS.

23. DISPUTES/DIFFERENCES

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Person or a Grantee, as the case may be, as to any matter of any nature arising under the ESOS, the ESOS Committee shall determine such dispute or difference by a written decision (without any obligation to give any reason thereof) given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties.

24. DIVESTMENT FROM AND TRANSFER TO/FROM THE TXB GROUP

- 24.1 If the Grantee who was in the employment of a company in the TXB Group which was subsequently divested from the TXB Group resulting in that company ceasing to be a Subsidiary, unless approved by the ESOS Committee in writing, the Options unexercised on the date of such company ceasing to be a Subsidiary, shall be null and void and be of no effect. Such Grantee shall not be eligible to participate for further Option(s) under the ESOS.
- 24.2 In the event that the Grantee is transferred from the TXB Group to any associated companies of the TXB Group (which definition shall be that which is adopted by the Malaysian Accounting Standard Board) or to any related companies (as defined in Section 7 of the Act which provides that where a corporation (a) is the holding company of another corporation; (b) is a subsidiary of another corporation; or (c) is a subsidiary of the holding company of another corporation, that corporation and that other corporation shall for the purposes of this Act be deemed to be related to each other) of the Company which have an existing share option scheme in which the Grantee will be entitled to participate, unless approved by the ESOS Committee in writing, the Options held by such Grantee unexercised on the date of transfer shall be null and void and be of no effect.
- 24.3 In the event that:
- (a) an employee who was employed in a company which is related to the Company pursuant to Section 7 of the Act (that is to say, a company which does not fall within the definition of “TXB Group”) and is subsequently transferred from such company to any company within the TXB Group; or

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- (b) an employee who was in the employment of a company which subsequently becomes a company within the TXB Group as a result of a restructuring or acquisition exercise or otherwise involving the Company and/or any company within the TXB Group with any of the first mentioned company stated in (a) above;

(the first abovementioned company in (a) and (b) herein referred to as the “**Previous Company**”), such an employee of the Previous Company will be eligible to participate in this ESOS for its remaining Option Period, if the affected employee becomes a “Eligible Person” within the meaning under these ESOS By-laws.

For the avoidance of doubt, in the event of any acquisition or incorporation of any company into the TXB Group pursuant to part (b) above as a Subsidiary or any other statutory regulation in place thereof during the tenure of the ESOS, the ESOS shall apply to the employees of such company on the date such company becomes a Subsidiary of the Company (provided that such Subsidiary is not dormant) falling within the meaning of the expression of “Eligible Person” under ESOS By-law 3 and the provisions of the ESOS By-laws shall apply.

25. TERMINATION OF THE SCHEME

- 25.1 Subject to compliance with the requirements of Bursa Securities and any other relevant authorities, the Company may terminate the continuation of this ESOS and no further Offers shall be made by the ESOS Committee. For the avoidance of doubt, this By-law 25 shall prevail over the requirements under By-law 19.

All Offers outstanding but not yet accepted by the Eligible Person at the date of the said resolution shall automatically lapse or cease to have effect as at the date of the resolution and the Options yet to be exercised shall automatically lapse or cease to have any effect from the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled. The ESOS shall be deemed terminated at the date on which the last of the conditions stipulated in ESOS By-law 25 is fulfilled.

- 25.2 In the event the Company terminates this ESOS in accordance with the Listing Requirements and these By-laws, the Company must immediately announce on Bursa Securities:
 - (a) the effective date of termination;
 - (b) the number of Options exercised or the TXB Shares vested; and
 - (c) the reasons for termination.

26. DISCLAIMER OF LIABILITY

No Employee shall be entitled to any compensation for damages arising from the termination of any ESOS Options or this ESOS pursuant to the provisions of these By-laws. Notwithstanding any provision of these By-laws:

- (a) this ESOS does not form any part of or constitute nor in any way be construed as a term and condition of employment of any Eligible Person. This ESOS shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person’s terms and conditions of employment in the TXB Group under which the Eligible Person is employed nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment;

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- (b) this ESOS shall not confer on any person or any legal or equitable right or other rights under any other theory of law (other than those constituting the ESOS Options) against the Company or any company of the Group, directly or indirectly, or give rise to any course of action in law or in equity or under any other theory of law against any company within the Group;
- (c) no Grantee or his representatives shall bring any claim, action or proceeding against any company of the Group, the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension/cancellation of his rights/exercise of his ESOS Options or his rights in Options ceasing to be valid pursuant to the provisions of these By-laws; and
- (d) the ESOS Committee or any other party shall in no event be liable to the Grantee or his representative or any other person or entity for any third party claim, loss of profits, loss of opportunity, loss of savings or any punitive, incidental or consequential damage, including without limitation to lost profits or savings, directly or indirectly arising from the breach or performance of these By-laws or any loss suffered by reason of any change in the price of the Shares or from any other cause whatsoever whether known or unknown, contingent, absolute or otherwise, whether based in contract, tort, equity, indemnity, breach of warranty or otherwise and whether pursuant to common law, statute, equity or otherwise, even if any company of the Group, the ESOS Committee or any other party has been advised of the possibility of such damage.

27. RIGHTS OF GRANTEES

- 27.1 The Options shall not carry any right to attend and vote at any general meeting of the Company. The Grantee shall not in any event be entitled to any dividends, rights or other entitlement on his unexercised Options.
- 27.2 Subject to the Constitution, all Grantees are entitled to inspect the latest audited financial statements of the Company during the normal business hours on any working day at the registered office of the Company in Malaysia.

28. CONSTITUTION

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the ESOS By-laws and the Constitution, the provisions of the Constitution shall at all times prevail save and except where such provision of the By-laws are included pursuant to the Listing Requirements.

29. NOTICE

- 29.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Grantee pursuant to the ESOS shall be in writing and shall be deemed to be sufficiently given:
 - (a) if it is sent by ordinary post by the Company to the Eligible Person or the Grantee at the last address known to the Company as being his address, such notice or request shall be deemed to have been received three (3) Market Days after posting;
 - (b) if it is delivered by hand to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received on the date of delivery; and

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- (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Grantee, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Grantee shall be communicated in writing to the Company.

- 29.2 Where any notice which the Company or the ESOS Committee is required to give, or may desire to give, in relation to matters which may affect all the Eligible Persons or the Grantee (as the case may be) pursuant to the ESOS, the Company or the ESOS Committee may give such notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESOS Committee (including via electronic media).

30. GOVERNING LAW AND JURISDICTION

- 30.1 The ESOS and these ESOS By-laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia and the Eligible Person and/or Grantee shall submit to the exclusive jurisdictions of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of this ESOS By-laws.
- 30.2 Any proceeding or action shall be instituted or taken in Malaysia and the Eligible Person and/or Grantee irrevocably and unconditionally waives any objection on the ground of venue or forum non conveniens or any other grounds.

31. SUBSEQUENT AND ADDITIONAL SCHEMES

Subject to the approval of Bursa Securities, any other relevant authorities or prevailing guidelines applicable, the Company may establish a new share option scheme after the expiry date of this ESOS if this ESOS is not renewed or upon termination of this ESOS (in accordance with ESOS By-law 25). Should this ESOS is being renewed (in accordance with ESOS By-law 21 of these ESOS By-laws); a new ESOS may be established upon the expiry of the renewal of this ESOS.

If the Company so wishes, it may implement more than one (1) share issuance scheme provided that the aggregate number of shares available under all the schemes do not breach the limit set out in By-law 4.1 and/or the prevailing Listing Requirements.

32. TAXES

All taxes, including but not limited to income tax, if any, arising from the exercise of any Options under this ESOS shall be borne by the Grantee.

33. SEVERABILITY

Any term, condition, stipulation or provision in these By-laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

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APPENDIX II – FURTHER 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

2.1 M&A Securities

M&A Securities being the Principal Adviser for the Proposed ESOS, 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 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 ESOS.

2.2 Providence

Providence, being the Independent Market Researcher for the Proposed ESOS, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Providence 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 Independent Market Researcher of the Company for the Proposed ESOS.

3. HISTORICAL SHARE PRICES

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

	<u>High</u> <u>RM</u>	<u>Low</u> <u>RM</u>
<u>2020</u>		
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
October	0.1150	0.0950
November	0.1200	0.0900
December	0.2300	0.1000
<u>2021</u>		
January	0.1700	0.1300
February	0.2100	0.1250
March	0.1600	0.1250
April	0.1550	0.1250

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(Source: M&A Securities)

The last transacted price of TXB Shares on 28 April 2021, being the last day on which TXB Share were traded, prior to the date of the announcement of the Proposed ESOS, was RM0.135 per TXB Share.

The last transacted price of TXB Shares as at the LPD was RM0.130 per TXB Share.

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, 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 new companies	
Contracted and provided for:	
- TouchPoint	29,850
- Wavetree PLT	35,000
- MD Labs	9,088
- HK Aerospace	17,604
Total	<u>91,542</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:

APPENDIX II – FURTHER INFORMATION

- (a) Constitution of TXB;
- (b) Audited consolidated financial statements of TXB for the FYE 2018 and 2019;
- (c) Unaudited consolidated financial statements of TXB for the FPE 31 December 2020;
- (d) Consent letters and declarations referred to in Section 2 above;
- (e) Independent market research report prepared by Providence; and
- (f) the draft By-laws as set out in Appendix I of this Circular.



TECHNA-X BERHAD

(formerly known as 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 Techna-X Berhad (*formerly known as Sino Hua-An International Berhad*) ("**TXB**" or the "**Company**") to be held on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 30 June 2021 at 11:30 a.m. or immediately upon the conclusion of the Fifteenth Annual General Meeting of the Company to be held at the same broadcast venue at 10:00 a.m. on the same day, whichever is later, 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 ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES OF TXB (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT OF TIME DURING THE DURATION OF THE ESOS FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF TXB AND ITS SUBSIDIARIES ("TXB GROUP" OR "GROUP") (EXCLUDING DORMANT SUBSIDIARIES) ("PROPOSED ESOS")

"THAT subject to the approvals of all relevant authorities and/or parties (if required), and to the extent permitted by law and the Constitution of the Company, the Board of Directors of the Company ("**Board**") be and is hereby authorised and empowered to:

- (a) establish, implement and administer the Proposed ESOS for the benefit of the eligible employees and Directors of TXB and its subsidiaries (excluding dormant subsidiaries) who meet the criteria of eligibility for participation in the Proposed ESOS ("**Eligible Person(s)**"), under which options will be offered to the Eligible Persons to subscribe for new ordinary shares in TXB ("**TXB Shares**") at a predetermined price ("**Options**") in accordance with the provisions of the by-laws governing the Proposed ESOS ("**By-laws**"), a draft of which is set out in Appendix I of the Circular to the shareholders of the Company dated 28 May 2021 ("**Circular**");
- (b) allot and issue such number of new TXB Shares from time to time to the Eligible Persons as may be required for the purpose of or in connection with the Proposed ESOS, provided that the maximum number of new TXB Shares to be allotted and issued pursuant to the exercise of the Options which may be granted under the Proposed ESOS shall not exceed fifteen percent (15%) of the total number of issued TXB Shares (excluding treasury shares) at any point of time throughout the duration of the Proposed ESOS and that such new TXB Shares to be allotted and issued upon the exercise of the Options under the Proposed ESOS will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued shares capital of the Company, except that the new TXB Shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid where the entitlement date (namely the date as at the close of business on which shareholders of the Company must be entered in the record of securities holders established and maintained by Bursa Malaysia Depository Sdn Bhd ("**Bursa Depository**") under the Rules of Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions) precedes the date of allotment of the new TXB Shares and will be subject to all the provisions of the Constitution of the Company and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") relating to transfer, transmission or otherwise of the TXB Shares;
- (c) add to, amend, modify and/or delete all or any part of the By-laws governing the Proposed ESOS from time to time provided that such additions, modifications or amendments or deletions are effected and permitted in accordance with the provisions of the By-laws and Listing Requirements pertaining to employee share option schemes and Rules of Bursa Depository pursuant to Paragraph 2.12 of the Listing Requirements, and to do all such acts and to enter into all such transactions, arrangements and agreements and to make such rules and

regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed ESOS and the terms of the By-laws;

- (d) do all things necessary and make the necessary applications to Bursa Securities for permission to deal in and for the listing of and quotation of the new ordinary shares in TXB that may, hereafter or from time to time, be allotted and issued pursuant to the Proposed ESOS;

AND THAT the Board be and is hereby authorised to give effect to the Proposed ESOS with full power to assent to any conditions, modifications, variations and/or amendments in any manner as it may deem fit and/or as may be required or imposed by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things as they may consider necessary and/or expedient to implement, finalise and give full effect to the Proposed ESOS.

AND FURTHER THAT the draft By-laws, as set out in **Appendix I** of the Circular be and are hereby approved.”

ORDINARY RESOLUTION 2

PROPOSED GRANTING OF ESOS OPTIONS TO Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA’AFAR

“**THAT**, contingent upon the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the committee to be appointed and authorised by the Board from time to time in accordance with the By-laws to administer the Proposed ESOS (“**ESOS Committee**”), to offer and to grant to, at any time and from time to time throughout the duration of the Proposed ESOS, Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja’afar, being the Executive Chairman of the Company, Options to subscribe for up to such number of new TXB Shares under the Proposed ESOS **PROVIDED THAT**

- (a) not more than 10% of the new TXB Shares to be issued under the Proposed ESOS is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued TXB Shares (excluding treasury shares, if any); and
- (b) not more than 75% of the new TXB Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of TXB Group (excluding dormant subsidiaries within the TXB Group) on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion;

AND subject always to such terms and conditions of the By-laws and/or adjustments which may be made in accordance with the provisions of the By-laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 3

PROPOSED GRANTING OF ESOS OPTIONS TO LIU GUODONG

“**THAT**, contingent upon the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, to offer and to grant to, at any time and from time to time throughout the duration of the Proposed ESOS, Liu Guodong, being the Managing Director of the Company, Options to subscribe for up to such number of new TXB Shares under the Proposed ESOS **PROVIDED THAT**

- (a) not more than 10% of the new TXB Shares to be issued under the Proposed ESOS is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued TXB Shares (excluding treasury shares, if any); and
- (b) not more than 75% of the new TXB Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of TXB Group (excluding dormant subsidiaries within the TXB Group) on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion;

AND subject always to such terms and conditions of the By-laws and/or adjustments which may be made in accordance with the provisions of the By-laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 4

PROPOSED GRANTING OF ESOS OPTIONS TO DATUK LIM CHIH LI @ LIN ZHILI

“THAT, contingent upon the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, to offer and to grant to, at any time and from time to time throughout the duration of the Proposed ESOS, Datuk Lim Chih Li @ Lin ZhiLi, being the Executive Director of the Company, Options to subscribe for up to such number of new TXB Shares under the Proposed ESOS **PROVIDED THAT**

- (a) not more than 10% of the new TXB Shares to be issued under the Proposed ESOS is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued TXB Shares (excluding treasury shares, if any); and
- (b) not more than 75% of the new TXB Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of TXB Group (excluding dormant subsidiaries within the TXB Group) on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion;

AND subject always to such terms and conditions of the By-laws and/or adjustments which may be made in accordance with the provisions of the By-laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 5

PROPOSED GRANTING OF ESOS OPTIONS TO LIM SEE TOW

“THAT, contingent upon the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, to offer and to grant to, at any time and from time to time throughout the duration of the Proposed ESOS, Lim See Tow, being the Independent Non-Executive Director of the Company, Options to subscribe for up to such number of new TXB Shares under the Proposed ESOS **PROVIDED THAT**

- (a) not more than 10% of the new TXB Shares to be issued under the Proposed ESOS is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued TXB Shares (excluding treasury shares, if any); and
- (b) not more than 75% of the new TXB Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of TXB Group (excluding dormant subsidiaries within the TXB Group) on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion;

AND subject always to such terms and conditions of the By-laws and/or adjustments which may be made in accordance with the provisions of the By-laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.”

ORDINARY RESOLUTION 6

PROPOSED GRANTING OF ESOS OPTIONS TO ZHAI BAOXING

“THAT, contingent upon the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, to offer and to grant to, at any time and from time to time throughout the duration of the Proposed ESOS, Zhai Baoxing, being the Independent Non-Executive Director of the Company, Options to subscribe for up to such number of new TXB Shares under the Proposed ESOS **PROVIDED THAT**

- (a) not more than 10% of the new TXB Shares to be issued under the Proposed ESOS is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued TXB Shares (excluding treasury shares, if any); and

- (b) not more than 75% of the new TXB Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of TXB Group (excluding dormant subsidiaries within the TXB Group) on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion;

AND subject always to such terms and conditions of the By-laws and/or adjustments which may be made in accordance with the provisions of the By-laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

ORDINARY RESOLUTION 7

PROPOSED GRANTING OF ESOS OPTIONS TO BALRAJ SINGH PANNU A/L GAJJAN SINGH

"THAT, contingent upon the passing of Ordinary Resolution 1 above and the approvals of all relevant authorities being obtained, approval be and is hereby given to the Board to authorise the ESOS Committee, to offer and to grant to, at any time and from time to time throughout the duration of the Proposed ESOS, Balraj Singh Pannu A/L Gajjan Singh, being the Independent Non-Executive Director of the Company, Options to subscribe for up to such number of new TXB Shares under the Proposed ESOS **PROVIDED THAT**

- (a) not more than 10% of the new TXB Shares to be issued under the Proposed ESOS is allocated to him if he, either singly or collectively through persons connected with him, holds 20% or more of the total number of issued TXB Shares (excluding treasury shares, if any); and
- (b) not more than 75% of the new TXB Shares available under the Proposed ESOS shall be allocated in aggregate to the Directors and senior management of TXB Group (excluding dormant subsidiaries within the TXB Group) on the basis that they are crucial to the performance of TXB Group as determined by the ESOS Committee at their sole and absolute discretion;

AND subject always to such terms and conditions of the By-laws and/or adjustments which may be made in accordance with the provisions of the By-laws and Listing Requirements, or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time."

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

28 May 2021

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 June 2021 shall be eligible to attend, participate, speak and vote at the EGM or appoint proxy(ies) to attend, participate, speak and vote in his stead.*
2. *A member entitled to attend and vote at the EGM may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same EGM, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the EGM of the Company shall have the same rights as the member to attend, participate, speak and vote at the EGM.*
3. *As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the EGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the EGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshshb.com.my during the EGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during 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, shall either be 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. *Appointment of proxy and registration for remote participation and voting*

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, must be deposited at the Registered Office of the Company at 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 set for holding the EGM or any adjournment thereof. The Form of Proxy may also be lodged electronically via Securities Services e-Portal at <https://sshshb.net.my/>. All resolutions set out in this notice of EGM are to be voted by poll.

Should you wish to personally participate at the EGM remotely, please register electronically via Securities Services e-Portal at <https://sshshb.net.my/> by the registration cut-off date and time.

Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting available for download at <https://techna-x.com/notice/EGM.html> for further details.

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 this 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.*

**TECHNA-X BERHAD***(formerly known as Sino Hua-An International Berhad)*

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

(Incorporated in Malaysia)

FORM OF PROXY

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 **TECHNA-X BERHAD (formerly known as 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 on a fully virtual basis at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 30 June 2021 at 11:30 a.m. or immediately upon the conclusion of the Fifteenth Annual General Meeting of the Company to be held at the same broadcast venue at 10:00 a.m. on the same day, whichever is later, or any adjournment thereof.

* 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 ESOS		
Ordinary Resolution 2	PROPOSED GRANTING OF ESOS OPTIONS TO Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR		
Ordinary Resolution 3	PROPOSED GRANTING OF ESOS OPTIONS TO LIU GUODONG		
Ordinary Resolution 4	PROPOSED GRANTING OF ESOS OPTIONS TO DATUK LIM CHIH LI @ LIN ZHILI		
Ordinary Resolution 5	PROPOSED GRANTING OF ESOS OPTIONS TO LIM SEE TOW		
Ordinary Resolution 6	PROPOSED GRANTING OF ESOS OPTIONS TO ZHAI BAOXING		
Ordinary Resolution 7	PROPOSED GRANTING OF ESOS OPTIONS TO BALRAJ SINGH PANNU A/L GAJJAN SINGH		

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

Signed this _____ day of _____, 2021.

Signature of shareholder or Common Seal

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 23 June 2021 shall be eligible to attend, participate, speak and vote at the EGM or appoint proxy(ies) to attend, participate, speak and vote in his stead.*
2. *A member entitled to attend and vote at the EGM may appoint more than one (1) proxy to attend, participate, speak and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same EGM, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the EGM of the Company shall have the same rights as the member to attend, participate, speak and vote at the EGM.*
3. *As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the EGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the EGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshshb.com.my during the EGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded by the Chairman, Board of Directors and/or Management during 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, shall either be 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. *Appointment of proxy and registration for remote participation and voting*

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, must be deposited at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The Form of Proxy may also be lodged electronically via Securities Services e-Portal at <https://sshshb.net.my/>. All resolutions set out in this notice of EGM are to be voted by poll.

Should you wish to personally participate at the EGM remotely, please register electronically via Securities Services e-Portal at <https://sshshb.net.my/> by the registration cut-off date and time.

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Registrar
TECHNA-X BERHAD
(formerly known as 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

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