

**SINO HUA-AN INTERNATIONAL BERHAD**

**PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE COMMERCIAL PAPERS AND/OR REDEEMABLE CONVERTIBLE MEDIUM TERM NOTES UNDER A COMMERCIAL PAPER/ MEDIUM TERM NOTE PROGRAMME OF UP TO RM150.0 MILLION IN NOMINAL VALUE**

|  | Other terms and conditions                  |   |
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|  | a) <b>Coupon Rate</b>                       | <p><b><u>CP/MTN</u></b><br/>Fixed rate at 1.0% per annum.</p> <p>(a) If the Closing Price per Share of the Issuer falls below the Minimum Conversion Price for more than 10 consecutive business days (<b>%Initial 10 Business Days Period+</b>), the coupon rate of all outstanding Notes shall be adjusted upward to 8.0% per annum (the <b>%Relevant Interest+</b>) retrospectively from the first Business Day of the Initial 10 Business Days Period.</p> <p>(b) If, after the Initial 10 Business Days Period, the Closing Price per Share of the Issuer trades 10% above the Minimum Conversion Price for more than 10 consecutive business days (<b>%Subsequent 10 Business Days Period+</b>), the Relevant Interest shall be readjusted downward to 1.0% per annum from the next business day immediately following the expiry of the Subsequent 10 Business Days Period, provided that all accrued and outstanding Relevant Interest and Default Relevant Interest (if any) shall have been paid by the Issuer to the Noteholder(s) within 3 business days from the expiry of the Subsequent 10 Business Days Period.(b) In the event the Issuer fails to pay the Relevant Interest by the prescribed date, an additional default interest at the rate of 3.0% per month (<b>%Default Relevant Interest+</b>) shall be compounded on all overdue amount (including the Relevant Interest), commencing from the next day immediately following the prescribed date up to (and including) the date of actual payment (both before and after judgment) of the Relevant Interest and the Default Relevant Interest.</p> |
|  | b) <b>Interest/Coupon Payment Frequency</b> | <p><b><u>CP/MTN</u></b><br/>The coupon payment is payable semi-annually in arrears on 30 June and 31 December during the period the CP and/or MTN remain outstanding, with the last coupon payment being made on the maturity date or conversion</p>  |

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|  |   | <p>date of such CP and/or MTN (as the case may be).</p> <p>Upon redemption or conversion, all interest accrued on such CP and/or MTN thereon up to and including the date of redemption or conversion will be payable to the Noteholder(s) on the date of redemption or conversion.</p>   |
|  | <b>c) Interest/Coupon Payment Basis</b> | Actual/365 days or Actual/366 days (in the case of a leap year), or in any event in accordance with the PayNet Procedures (as defined under <i>Other terms and conditions – Form and Denomination</i> ).  |
|  | <b>d) Tenure of Notes</b>               | <p><b><u>CPs</u></b></p> <p>Less than one (1) year, provided that the CPs shall mature at or prior to the date falling three (3) years from the issue date of the first sub-tranche of Tranche 1 (<del>%Maturity Date</del>).</p> <p><b><u>MTNs</u></b></p> <p>Above one (1) year and up to the three (3) years, provided that the MTNs shall mature at or prior to the Maturity Date.</p>  |
|  | <b>e) Redemption Option</b>             | <p>If, on presentation of any Notes for conversion, the Conversion Price is less than or equal to 65% of the average of the daily traded volume weighted average price per share for the forty-five (45) business days prior to the relevant issue date in respect of each first sub-tranche of the respective tranches of the Notes, the Issuer may redeem such Notes (and only such Notes) presented by the Noteholder(s) to the Issuer for conversion in cash at an amount calculated in accordance with the formula set out below (<del>%Conversion Redemption Amount</del>):</p> $R = N \times \{P + [8\% \times P \times (D/365)] + I\}$ <p>where:-</p> <p><del>%R</del>+ = the Conversion Redemption Amount.</p> <p><del>%D</del>+ = The number of days elapsed since the relevant issue date in respect of each sub-tranche of the Notes.</p> <p><del>%N</del>+ = the number of Notes presented for</p> |

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|  |                             | <p>conversion.</p> <p><math>\%B_{t+} =</math> the face value of the Notes presented for conversion.</p> <p><math>\%I_{t+} =</math> the remaining unpaid interest accrued on the Notes presented for conversion.</p> <p>The Notes which are not redeemed or purchased, converted or cancelled by the Issuer will be redeemed by the Issuer at 100% of their principal amount on the Maturity Date.</p>  |
|  | <b>f) Conversion Period</b> | The Notes are convertible at any time after the issue date of each Notes and up to the day falling seven (7) days prior to the Maturity Date.  |
|  | <b>g) Conversion Right</b>  | <p>Save for as provided in <i>Other terms and conditions – Redemption Option</i> above, each Noteholder(s) shall have the right to convert each Notes into fully paid ordinary shares at any time during the Conversion Period (<b>%Conversion Right</b>).</p> <p>The Notes issue is structured into three (3) tranches with sub-tranches in each Tranche. The denomination of the Notes is RM50,000.00. The Conversion Right may be exercised over any or all the Notes comprised in each sub-tranche which has been drawn-down at the election of the Noteholder(s). Therefore, partial conversion of the Notes is allowed within any Tranche and sub-tranche of the Notes.</p>                                    |
|  | <b>h) Conversion Price</b>  | <p>The price at which each Conversion Share shall be issued upon conversion of the Notes (<b>%Conversion Price</b>) shall be:</p> <p>(a) in respect of Tranche 1, 85% of the average Closing Price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the thirty (30) business days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Securities;</p> <p>(b) in respect of Tranche 2, 88% of the average Closing Price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the thirty (30) business days immediately preceding the relevant conversion date on which</p> |

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|  |  | <p>shares were traded on the Main Market of Bursa Securities; and</p> <p>(c) in respect of Tranche 3, 90% of the average Closing Price per share on any three (3) consecutive business days as selected by the Noteholder(s) during the thirty (30) business days immediately preceding the relevant conversion date on which shares were traded on the Main Market of Bursa Securities;</p> <p>provided always that the Conversion Price is no less than the Minimum Conversion Price. If the Conversion Price for each share calculated in accordance with the conditions under Conversion Price (a) to (c) is less than the Minimum Conversion Price, the Conversion Price for each Share shall be equal to the Minimum Conversion Price.</p> |
|  | <b>i) Details on Utilisation of Proceeds</b> | <p>The proceeds from the CP/MTN Programme will be applied by the Issuer to:</p> <p>(a) to finance the working capital requirements and capital expenditure requirements of the Group; and</p> <p>(b) to defray expenses in connection with the establishment of the CP/MTN Programme and the issuance of Notes.</p>  |
|  | <b>j) Transaction Documents</b>              | <p>Documentation for the Notes includes, <i>inter-alia</i>, the following:</p> <p>(a) the Facility Agreement;</p> <p>(b) the Subscription Agreement;</p> <p>(c) the Trust Deed;</p> <p>(d) the Securities Lodgement Form; and</p> <p>(e) all other documents of whatsoever nature executed or to be executed in connection with or pursuant to any of the above documents or otherwise in connection with the CP/MTN Programme, including any supplemental document(s) thereof, and agreed to be designated as a Transaction Document by the parties and references to a <b>Transaction Document</b> shall mean each or any one of them.</p>   |
|  | <b>k) Form and Denomination</b>              | <p><b>Form</b></p> <p>Each issuance of the Notes shall be represented by a</p>   |

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|  |                        | <p>global certificate and/or definitive certificate (or such other form as may from time to time have been agreed between the Issuer and Facility Agent) to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances.</p> <p>The Notes will be prescribed in accordance with:</p> <ul style="list-style-type: none"><li>(a) the <del>%Participation and Operation Rules for Payment and Securities Services</del>; and</li><li>(b) the Operational Procedures for Securities Services (<del>%RayNet Procedures</del>);</li></ul> <p>issued by PayNet (amended from time to time), or their replacement thereof applicable from time to time.</p> <p><b><u>Denomination</u></b></p> <p>The denomination of the Notes shall be in multiples of RM50,000.00 at the time of issuances or such other denominations as agreed between the Issuer and the Lead Arranger at the time of issuance.</p>   |
|  | <p><b>I) Taxes</b></p> | <p>All payments of principal and interest by the Issuer in respect of the Notes will be made without withholding of, or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Malaysia, or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. If such withholding or deduction is so required, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholder(s) after such withholding or deduction shall equal the amounts of principal and interest which would have been receivable in respect of the Notes in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Notes:-</p> <ul style="list-style-type: none"><li>(a) to any Noteholder(s) (or to a third party on behalf of the Noteholder(s)) (i) who is for Malaysia tax purposes treated as a resident of Malaysia or a Malaysian corporation or (ii) who is otherwise subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Malaysia otherwise than by reason</li></ul> |

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|  |  | <p>only of the holding of any Notes or the receipt of principal or interest in respect of any Notes; or</p> <p>(b) if the global certificate or definitive certificate, as the case may be Notes in respect of such Notes is surrendered more than thirty (30) days after the due date for payment except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment as at the expiry of such 30-day period; or</p> <p>(c) payment is prohibited under Malaysian law at the material time.</p>  |
|  | <p><b>m) Trustees' Reimbursement Account</b></p> | <p>The Issuer (via the Trustee) shall open and maintain an interest-bearing bank account designated as "Trusteesq Reimbursement Account for Debenture holdersq Actions" (as required under the Trust Deeds Guidelines), in which a sum of RM30,000.00 is to be deposited ("<b>Trustees' Reimbursement Account</b>"). The Trusteesq Reimbursement Account shall be operated by the Trustee and the monies shall only be used strictly by the Trustee in carrying out its duties in relation to the occurrence of Events of Default. The sum of RM30,000.00 in the Trusteesq Reimbursement Account shall be maintained at all times throughout the tenure of the CP/MTN Programme.</p>  |
|  | <p><b>n) Status of the Notes</b></p>             | <p>The Notes shall constitute:-</p> <p>(a) direct, unconditional, unsubordinated and (subject to the provision in relation to negative pledge in the subscription agreement) unsecured obligations of the Issuer, ranking <i>pari passu</i> and rateably without any preference among themselves, save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding; and</p> <p>(b) legal, valid and binding obligations of the Issuer to pay the Noteholder(s), the sums represented thereby.</p> <p>The Noteholder(s) shall not be entitled to the right to receive dividends, bonuses and other distributions made by the Issuer nor shall the Noteholder(s) have the right to receive notices of or to attend, speak or vote at any</p> |

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|  |   | general meetings held by the Issuer until the Notes held by the Noteholder(s) have been converted into shares.  |
|  | <b>o) Status of the Conversion Shares</b>   | The Conversion Shares to be issued arising from the conversion of the Notes will, upon allotment and issuance, rank <i>pari passu</i> in all aspects with the then existing ordinary shares in the Issuer (including, without limitation, the right to receive any available distributions upon the liquidation and winding-up of the Issuer), save and except that the Conversion Shares will not be entitled to any dividends, rights, allotment and/or other forms of distribution that may be declared, made or paid where the entitlement date prior to the date of allotment and issuance of the Conversion Shares.   |
|  | <b>p) Noteholder's rights to participate in any distribution and/or offer of further securities in the Issuer</b> | The Issuer or any subsidiary may offer and sell any securities convertible into securities of the same class as the issued shares of the Issuer or securities substantially similar to the Notes (the " <b>Securities</b> ") provided that, in respect of any proposed private placement of such Securities, the Issuer shall, and the Issuer shall procure that the relevant subsidiary shall, offer and, if subscribed, sell such Securities to the Majority Holders prior to offering such Securities to any other person (except for rights issues or any issues in respect of which the Issuer is restricted from so doing by law or any other applicable regulations). For the avoidance of doubt, the Securities shall exclude any shares, warrants relating to the shares, or convertible preference shares issued to shareholders of the Issuer without preference among the shareholders. |
|  | <b>q) Jurisdiction</b>  | The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.  |

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