

## **TECHNA-X BERHAD (“TXB” or “Borrower”)**

### **LOAN AGREEMENT ENTERED INTO BETWEEN TXB AND ADVANCE OPPORTUNITIES FUND**

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#### **1. INTRODUCTION**

The Board of Directors of TXB wishes to announce that TXB had on 24 January 2022 entered into a Loan Agreement (“**Agreement**”) with Advance Opportunities Fund (“**AOF**” or “**Lender**”) for a loan sum of USD7,500,000 (“**Loan**”) for the purpose of repayment of debt owing to the vendors of Touchpoint International Sdn. Bhd. and Wavetree PLT amounting to RM60,260,000, subject to the Borrower pledging the entire issued and paid-up shares of its wholly-owned subsidiary, PIPO Overseas Limited (“**PIPO**”) in favour of the Lender, upon the terms and conditions as stipulated in the Agreement.

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

(TXB and AOF are collectively referred to as the “**Parties**” and “**Party**” refers to any one (1) of them, as the context may require)

#### **2. INFORMATION OF AOF**

AOF (Company Registration No. CT 168559) is a company duly incorporated under the laws of Cayman Islands with its registered address at Cricket Sq., Hutchins Drive, P.O. Box 2861, Grand Cayman KY1-1111 Cayman Islands.

#### **3. INFORMATION OF PIPO**

PIPO (BVI Company No. 549850) is a company incorporated in the British Virgin Islands on 1 July 2003 and having its registered address at Mandar House, 3<sup>rd</sup> Floor, Johnson’s Ghut, Tortola, British Virgin Islands. The principal activity of PIPO is investment holding.

As of the date of this announcement, the issued share capital of PIPO is USD50,000.00 comprising of 50,000 ordinary shares and it is a wholly-owned subsidiary of TXB. The directors of PIPO are Liu Guodong, Zhang Tianran, Y.A.M. Tunku Naqiyuddin Ibni Tuanku Ja’afar, Cedric Choo Sia Teik and Liu Xueqiang.

PIPO’s wholly foreign owned enterprise is Linyi Yehua Coking Co. Ltd. (“**Yehua**”) and it does not have any other subsidiaries or associate companies.

#### **4. SALIENT FEATURES OF THE LOAN**

##### **4.1 Interest**

2.0% per annum (“**Prescribed Rate**”) shall be payable by the Borrower to the Lender on the date of the repayment/discharge of indebtedness by the Borrower.

#### **4.2 Term**

The period of twelve (12) months commencing from the first drawdown date of the Loan and on the expiry of which, the Loan and interest thereon and all other sums due and payable (including the Share of Revenue) by the Borrower to the Lender hereunder must be fully repaid and paid respectively to the Lender.

#### **4.3 Repayment**

Without prejudice to Section 10.02 of the Agreement, the Loan so far as not otherwise repaid or discharged under the provisions of the Agreement shall be repaid by the Borrower on demand by the Lender and until such demand is made, the Borrower shall repay the Loan together with interest thereon at the Prescribed Rate without notice from the Lender such that the Indebtedness shall have been fully discharged latest on the date of expiry of the Term.

The Lender shall be entitled to apply any monies received from the Borrower, first for payment of interest due at the time of such payment and for all other sums due and the balance, if any, shall be deemed towards the repayment of the Loan.

#### **4.4 Security**

The entire shares held by TXB in PIPO, consisting of a total issued and paid-up capital of USD50,000 comprising of 50,000 ordinary shares to be pledged in favour of the Lender.

#### **4.5 Events of Default**

The Borrower is deemed to have committed a default if the Borrower or the Borrower, its shareholders, PIPO and such other party or parties providing or who shall hereafter provide any security (including but not limited to a guarantee) to secure the payment of the Indebtedness or any part or parts thereof (collectively referred as the "**Obligors**") commits or threatens to commit a breach of any of the covenants, undertaking, stipulations, terms, conditions, or provisions, herein stipulated and without prejudice to the generality of the foregoing, upon the happening of any one or more of the following events:

- (a) if the Borrower or the Obligor fails or defaults in the payment of any sum of money whatsoever and howsoever payable on its due date by virtue of the provisions herein contained whether formally demanded or not; or
- (b) if the Borrower or the Obligor fails to comply with any notice given under the Security Documents requiring him to remedy any breach of the terms of the Security Documents within the time stipulated therefor; or
- (c) if any other indebtedness of the Borrower or the Obligor becomes, or becomes capable in accordance with the relevant terms hereof

being declared due prematurely by reason of a default by the Borrower or the Obligor in his obligations with respect to the same, or the Borrower or the Obligor fails to make any payment in respect thereof on the due date for payment or upon the security for any such indebtedness becoming enforceable; or

- (d) if any representation or warranty made or implied pursuant to Article III or any other provision of the Agreement or pursuant to any notice, certificate, letter or other document delivered pursuant to the terms of the Agreement is incorrect or misleading in a material particular as of the date at which it was made or deemed to have been made; or
- (e) in the case where the Borrower or the Obligor is an individual, if either of them commits an act of bankruptcy or if a petition is presented for the bankruptcy of the Borrower/Obligor or in the case of the Borrower/Obligor being a corporation, if a winding-up petition is presented against them; or
- (f) if a distress or execution or other process of a court of competent jurisdiction is levied upon or issued against any assets of the Borrower or its related company (as defined under the Companies Act, 1965) or of the Obligor or its related company and such distress execution or other process, as the case may be, is not satisfied by the Borrower or its related company or the Obligor or its related company within seven (7) days from the date thereof; or
- (g) if the Borrower or the Obligor commits or threatens to commit a breach of any term, stipulation, covenant or undertaking contained in any other agreements and which breach, in the opinion of the Lender threatens the Security; or
- (h) if the Borrower or the Obligor commits a default of any provision of any agreement, or security documents, or both (as the case may be) relating to other accounts or loan facilities granted by the Lender to the Borrower or the Obligor or other party in which the Borrower or the Obligor is a guarantor, or chargor or assignor; or
- (i) if the Security Documents shall be challenged with regard to its validity by any person; or
- (j) if an event has, or events have occurred, or a situation exists, which could or might, in the opinion of the Lender prejudice the ability of the Borrower or the Obligor to perform his obligations under the Security Documents in accordance with their respective terms; or
- (k) if the Lender shall be of the opinion that any of the security created pursuant to the Security Documents is in jeopardy; or
- (l) if the Borrower commits or threatens to commit a default or breach of any term or condition of this Agreement; or
- (m) if the Borrower or the Obligor commits or threatens to commit a default under any of its contractual obligations with any other

parties including the Lender with regard to its borrowing howsoever; or

- (n) if the Obligor or its related company shall enter into liquidation whether compulsorily or voluntarily or if a liquidator or a receiver and/or manager or judicial manager shall be appointed in respect of the Obligor or its related company or the property or undertakings of the Obligor or its related company; or
- (o) if an Obligor who is an individual, dies or becomes insane or is adjudged a bankrupt; or
- (p) if any step or action is taken or a resolution is passed for the winding-up, dissolution or liquidation of an Obligor or its related company who is a corporation; or
- (q) if an Obligor or its related company shall make an assignment for the benefit of its creditors or enter into any arrangement for composition for the benefits of the creditors of the Obligor or its related company; or
- (r) if an Obligor or its related company allows any judgement against the Obligor or its related company to remain unsatisfied for a period of seven (7) days or more unless an appeal against such judgement is pending or a stay of execution has been granted; or
- (s) if an Obligor or its related company enters into or proposes to enter into or there is declared by any competent court or authority, a moratorium on the payment of indebtedness or other suspensions of payment generally; or
- (t) it is or will become unlawful for the Obligor to perform or comply with any one or more of its obligations under the relevant Security Documents; or
- (u) if any Obligor or its related company shall cease or threaten to cease to carry on all or a substantial part of its business; or
- (v) if any other event or events has or have occurred which in the opinion of the Lender (which opinion shall be final and binding upon the Borrower) could or might affect or prejudice the ability or willingness of any Obligor to comply with any of its obligations under the relevant security Documents; or
- (w) if the Share Purchase Agreement dated 11 November 2020 entered into between the Borrower and Hua Fei Investment Limited is terminated for any reason whatsoever;
- (x) if criminal proceedings are instituted against the Borrower, PIPO or any Obligor;
- (y) The Borrower falls into the category of affected listed issuer under Paragraph 8.03A and/or Practice Note 17 (PN17) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements;

- (z) Receivers or managers, or judicial managers have been appointed over the asset of the Borrower, its subsidiary or associated companies;
- (aa) Winding up proceedings are commenced against the Borrower, its subsidiary or associated companies;
- (bb) The Auditors expressing an adverse or disclaimer opinion on the Borrower's latest audited financial statements, and
- (cc) The Auditors highlighting a material uncertainty related to going concern or expressed a qualification on the Borrower's ability to continue as a going concern in the Borrower's latest audited financial statements and the shareholders' equity of the Borrower on a consolidated basis falls below RM30 million.

## **5. RATIONALE FOR THE ACCEPTANCE OF THE LOAN**

The Loan is to be used primarily for the settlement of the outstanding purchase consideration owing by TXB to the vendors of Touchpoint International Sdn. Bhd. and Wavetree PLT As the loan is taken by TXB for the sole purpose of paying these Vendors wherein in consideration thereof, these Vendors agree to allow TXB an extension of time to settle the remaining balance of RM30,260,000 by 31 December 2022.

## **6. RISK FACTORS**

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

## **7. FINANCIAL EFFECTS**

- (a) Share Capital

The Loan will not have any effect on the share capital of the Company and the shareholdings of the substantial shareholders of the Company.

- (b) Earnings

The Loan will not have any material effect on the earnings of the Company for the financial year ending 31 December 2022.

- (c) Net Assets

The Loan is not expected to have any material effect on the net assets of TXB Group for the financial year ending 31 December 2022.

- (d) Gearing

For illustration purposes, assuming the entire Loan amount of USD7,500,000 is drawn down, TXB's Group gearing computed on total debt vis-à-vis total equity (including Non-Controlling Interest) based on the Group's unaudited financial statement as at 30 September 2021, is expected to increase from 0.01x to 0.46x.

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

None of the Directors and/or major shareholders of TXB and/or persons connected with them have any direct or indirect interest in the Agreement.

**9. APPROVAL REQUIRED**

The Agreement is not subject to the approval of TXB's shareholders and/or any regulatory authority.

**10. DIRECTORS' STATEMENT**

The Board of Directors of TXB, having considered all aspects of the Agreement, is of the opinion that the execution of the Agreement is in the best interests of TXB.

**11. DOCUMENT AVAILABLE FOR INSPECTION**

The Agreement is available for inspection at the registered office of TXB 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 holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 24 January 2022.