

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

In line with the new provisions of Practice Note No. 18/2009 on Perusal of Draft Circulars and Other Documents, Bursa Malaysia Securities Berhad has not perused the Circular to Shareholders on Proposed Renewal of Share Buy-Back Authority prior to its issuance as it falls under the category of Exempt Circulars as outlined in the aforesaid practice note.

Shareholders should rely on their own evaluation to assess the merits and risks of the Proposals as set out herein.



## **SINO HUA-AN INTERNATIONAL BERHAD**

(Company No. 732227-T)  
(Incorporated in Malaysia under the Companies Act, 1965)

### **CIRCULAR TO SHAREHOLDERS IN RELATION TO**

#### **PART A**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

#### **PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO TEN PERCENT (10%) OF  
ITS OWN SHARES IN THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY**

**AND**

**EXTRACT OF THE NOTICE OF NINTH ANNUAL GENERAL MEETING**

The above Proposals will be tabled as Special Business at Sino Hua-An International Berhad's Ninth Annual General Meeting ("AGM") to be held at Banquet Hall, 2<sup>nd</sup> Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, off Jalan Parlimen, 50480 Kuala Lumpur on Thursday, 21 May 2015 at 9:30 a.m. The Notice of the Ninth AGM is set out in the Annual Report of Sino Hua-An International Berhad for the year ended 31 December 2014.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at Securities Services (Holdings) Sdn Bhd 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 meeting. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Last date and time for lodging the Form of Proxy .....: Tuesday, 19 May 2015 at 9:30 a.m.  
Date and time of the AGM .....: Thursday, 21 May 2015 at 9:30 a.m.

This Circular is dated 24 April 2015

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## DEFINITIONS

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In this Circular and the accompanying appendices, the following words and abbreviations shall have the following meanings unless otherwise stated:-

“Act”	:	The Companies Act 1965 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	The Board of Directors of Sino Hua-An
“Bursa Securities” or “the Exchange”	:	Bursa Malaysia Securities Berhad (635998-W)
“Director(s)”	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for purposes of the Proposed Renewal of Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of Sino Hua-An or any other Company which is its subsidiary or holding company and a chief executive of Sino Hua-An, its subsidiary or holding company
“EPS”	:	Earnings per Share
“FCSB”	:	Fancy Celebrations Sdn Bhd, a wholly-owned subsidiary of Sino Hua-An
“FYE”	:	Financial Year Ended/Ending
“Sino Hua-An” or “the Company”	:	Sino Hua-An International Berhad (732227-T)
“Sino Hua-An Shares” or “Shares”	:	Ordinary Shares of RM0.50 each in Sino Hua-An
“Sino Hua-An Group”	:	Sino Hua-An and its Group of Companies
“Jiangquan”	:	Huasheng Jiangquan Group Co., Ltd.
“Jiangquan Affiliated Companies”	:	Companies wherein Jiangquan has direct or indirect shareholdings. These are classified as related parties to the Group and the Company by virtue of LGD, the Managing Director of the Company, being the son-in-law of Mr. Wang Ting Jiang, a director and shareholder of Jiangquan
“LGD”	:	Liu Guodong
“Listing Requirements”	:	The Main Market Listing Requirements of Bursa Securities, including any amendment thereto that may be made from time to time
“LPD”	:	Latest Practicable Date, i.e. 31 March 2015

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## DEFINITIONS

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- “Major Shareholder(s)” : Means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-
- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the company; or
  - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act
- For the purposes of the Proposed Renewal of Shareholders’ Mandate, Major Shareholder(s) includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company
- “Person Connected” : In relation to a Director or a Major Shareholder, means such person who falls under any one (1) of the following categories:-
- (i) a member of the Director’s or Major Shareholder’s family;
  - (ii) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a member of the Director’s or Major Shareholder’s family is the sole beneficiary;
  - (iii) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder;
  - (iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (v) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
  - (vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (vii) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
  - (viii) a body corporate in which the Director, Major Shareholder or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
  - (ix) a body corporate which is a related corporation
- “PIPO” : PIPO Overseas Limited, a company incorporated in the British Virgin Islands
- “PIPO Group” : PIPO and its wholly-owned subsidiary, Yehua

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**DEFINITIONS**

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“PRC”	:	The People’s Republic of China
“Proposals”	:	Proposed Renewal of Shareholders’ Mandate and Proposed Renewal of Share Buy-Back Authority
“Proposed Renewal of Share Buy-Back Authority”	:	Proposed Renewal of the existing authority granted to Sino Hua-An to purchase up to ten per centum (10%) of its own issued and paid-up share capital
“Proposed Renewal of Shareholders’ Mandate”	:	Proposed Renewal of Shareholders’ Mandate pursuant to Paragraph 10.09 of the Listing Requirements and Practice Note 12 of the Listing Requirements for the RRPTs for Sino Hua-An Group to enter into Recurrent Related Party Transactions of a revenue or trading nature
“Purchased Shares”	:	Sino Hua-An Shares bought back pursuant to the Proposed Renewal of Share Buy-Back Authority
“Related Party(ies)”	:	Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) as defined in Paragraph 10.02 of the Listing Requirements
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RRPT(s)”	:	Recurrent related party transaction(s) of a revenue or trading nature, which is/are necessary for the Group’s day-to-day operations and is/are entered into by Sino Hua-An or its subsidiary companies in the ordinary course of business of the Group
“SC”	:	Securities Commission
“Yehua”	:	Linyi Yehua Coking Co., Ltd., a company established in the PRC and a wholly-owned subsidiary of PIPO
“2014 Annual Report”	:	Annual Report of Sino Hua-An issued for the FYE 31 December 2014

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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**TABLE OF CONTENTS**

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**PART A****LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE:-**

	INTRODUCTION	1
1.0	DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	
	1.1 The Listing Requirements	4
	1.2 Validity Period of the Proposed Renewal of Shareholders' Mandate	4
	1.3 Principal Activities of Sino Hua-An Group	5
	1.4 Classes and Nature of the RRPTs	6
	1.5 Amount Due and Owing to Sino Hua-An Group by Related Parties	7
	1.6 Review Procedures for the RRPTs	7
	1.7 Statement by the Audit Committee	8
	1.8 Rationale	8
2.0	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS/MAJOR SHAREHOLDERS	8
3.0	FINANCIAL EFFECTS	9
4.0	APPROVALS REQUIRED	9
5.0	DIRECTORS' RECOMMENDATION	9
6.0	AGM	9

**PART B****LETTER TO OUR SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

1.0	DETAILS OF THE PROPOSED SHARE BUY-BACK	
	1.1 Introduction	11
	1.2 Quantum	12
	1.3 Funding	12
	1.4 Public Shareholding Spread	12
	1.5 Treatment of Shares Purchased	12
2.0	RATIONALE FOR THE PROPOSED SHARE BUY-BACK	13
3.0	DIRECTORS' AND MAJOR SHAREHOLDERS' SHAREHOLDINGS	14
4.0	IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010	16
5.0	PURCHASES OF SHARES, RESALE OR CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS	17
6.0	POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK	17
7.0	RISK FACTORS OF THE PROPOSED SHARE BUY-BACK	17
8.0	HISTORICAL SHARE PRICES	17
9.0	FINANCIAL EFFECTS	
	9.1 Share Capital	18
	9.2 Net Assets	18
	9.3 Working Capital	18
	9.4 Earnings Per Share	19
10.0	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS/MAJOR SHAREHOLDERS	19
11.0	APPROVALS REQUIRED	19
12.0	DIRECTORS' RECOMMENDATION	19
13.0	AGM	19
14.0	FURTHER INFORMATION	20
	APPENDIX I - FURTHER INFORMATION	21
	EXTRACT OF NOTICE OF THE NINTH AGM	22



**SINO HUA-AN INTERNATIONAL BERHAD**  
(Company No. 732227-T)  
(Incorporated in Malaysia under the Companies Act 1965)

Registered office:  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

24 April 2015

Directors:-

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (*Executive Chairman*)  
Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid (*Senior Director; Independent Non-Executive Director*)  
Liu Guodong (*Managing Director*)  
Cedric Choo Sia Teik (*Executive Director*)  
Liu Xueqiang (*Executive Director*)  
Lim See Tow (*Independent Non-Executive Director*)  
Fu Qiang (*Independent Non-Executive Director*)

**To: The Shareholders of Sino Hua-An International Berhad**

Dear Sir/Madam,

- (A) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**  
**(B) PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO TEN PERCENT (10%) OF ITS OWN SHARES IN THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY**

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## INTRODUCTION

At the AGM of Sino Hua-An held on 23 May 2014, the shareholders, had inter-alia, granted a mandate for the Sino Hua-An Group to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Sino Hua-An Group's day-to-day operations in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public.

The authority conferred by the shareholders' mandate shall in accordance with the Listing Requirements lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the forthcoming AGM.

On 26 March 2015, the Company announced that Sino Hua-An is proposing to seek its shareholders' approval in respect of the following Proposals:-

- a) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature; and
- b) Proposed Renewal of Share Buy-Back Authority of up to ten percent (10%) of its own shares in the issued and paid-up share capital of the Company.

The purpose of this Circular is to provide you with details of the Proposals and to seek your approval for the ordinary/special resolutions pertaining to the Proposals under the agenda of Special Business as set out in the Annual Report of Sino Hua-An for the financial year ended 31 December 2014 to be tabled at the forthcoming AGM. The Notice of the AGM together with the Form of Proxy are enclosed in the Annual Report of the Company for the financial year ended 31 December 2014.

**SHAREHOLDERS OF SINO HUA-AN ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING AGM.**

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**PART A**  
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED  
PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**



## **1. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **1.1 The Listing Requirements**

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for RRPTs subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholder's mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued and paid-up capital of RM60 million and above:-
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
  - (b) the percentage ratio of such RRPT is 1% or more,whichever is the higher.
- (iii) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholder mandate, the relevant related party must comply with the requirements set out in paragraph 10.08(7) of Listing Requirements.
- (v) the listed issuer immediately announces to the Exchange when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

Accordingly, the Board proposes to seek the shareholders' approval for the Proposed Renewal of Shareholders' Mandate. The shareholders' mandate will allow Sino Hua-An Group, in the normal course of business, to enter into the RRPT referred to in Section 1.4 with the Related Parties, provided that such transactions are made at arm's length, on Sino Hua-An Group's normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of Sino Hua-An.

### **1.2 Validity Period of the Proposed Renewal of Shareholders' Mandate**

The authority to be conferred pursuant to the Proposed Renewal of Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

### 1.3 Principal Activities of Sino Hua-An Group

Sino Hua-An is principally engaged in investment holdings and the principal activities of its subsidiary companies are as follows:-

Name	Principal activities	Effective equity interest
FCSB	Dormant	100%
PIPO	Investment Holding	100%
Yehua	Manufacturing and sales of metallurgical coke and related by-products	100%

It is envisaged that, in the normal course of Sino Hua-An Group's businesses, transactions of a revenue or trading nature between companies in Sino Hua-An Group and the Related Parties are likely to occur, which are necessary for its day-to-day operations.

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#### 1.4 Classes and Nature of the RRPTs

The details of the RRPT are set out below:-

Related Parties	Nature of Transactions	Estimated value as disclosed in the Circular to Shareholders dated 28 April 2014 (RM'000)	Actual value transacted from 23 May 2014 up to 31 March 2015 <sup>(1)</sup> (RM'000)	Estimated aggregate value from 21 May 2015 (date of AGM) to the next AGM <sup>(2)</sup> (RM'000)
<i>Jiangquan Affiliated Companies</i>				
Linyi Jiangxin Steel Co., Ltd	Sale of coke by Sino Hua-An	791,596	323,079	615,108
Shandong Jiangquan Industrial Co., Ltd Thermoelectricity	Sale of coal gas by Sino Hua-An	84,788	52,548	95,532
Shandong Jiangquan Industrial Co., Ltd. – Jiangxin Construction Use Ceramic Factory	Sale of coal gas by Sino Hua-An	27,556	8,319	31,048
Shandong Huasheng Jiangquan Industrial Thermoelectricity Co., Ltd	Purchase of electricity by Sino Hua-An	30,936	17,347	24,604
Shandong Huasheng Jiangquan Industrial Thermoelectricity Co., Ltd	Purchase of steam by Sino Hua-An	37,684	10,790	31,844
Shandong Jiangquan Industrial Co., Ltd Railroad	Payment of transportation and storage by Sino Hua-An	8,910	3,285	10,039

Note:-

<sup>(1)</sup> Being the LPD prior to the printing of this Circular.

<sup>(2)</sup> The estimated values as set out above are based on management estimates of the value of transactions to be undertaken for the period from the forthcoming AGM to the next AGM. However, the value of transactions may be subject to changes. Disclosure will be made in the Annual Report of the Company for the FYE 31 December 2015 of the actual breakdown of the aggregate value of transactions contemplated as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements.

There was no deviation of 10% or more on the actual value transacted for the RRPTs, from 23 May 2014 up to 31 March 2015, and the estimated value as disclosed in the Circular to Shareholders dated 28 April 2014.

Save as disclosed above and in Section 2.0 of this Circular, there were no other persons deemed connected to the interested Directors and Major Shareholders.

## 1.5 Amount Due and Owing to Sino Hua-An Group by Related Parties

Saved and except for the below amounts due and owing by the Related Parties to Sino Hua-An Group pursuant to the RRPT as at 31 December 2014, there were no other amounts due and owing by the Related Parties to Sino Hua-An Group pursuant to the RRPT which exceeded the credit terms granted. All amounts outstanding were settled within a period of 60 days.

Name of Related Party	One (1) year or less		More than one (1) to three (3) years		More than three (3) to five (5) years		More than five (5) years	
	Principal sum (RM'000)	Interest (RM'000)	Principal sum (RM'000)	Interest (RM'000)	Principal sum (RM'000)	Interest (RM'000)	Principal sum (RM'000)	Interest (RM'000)
Shandong Jiangquan Industrial Co., Ltd Thermoelectricity	12,141	-	-	-	-	-	-	-
Shandong Jiangquan Industrial Co., Ltd. – Jiangxin Construction Use Ceramic Factory	2,804	-	-	-	-	-	-	-

There is no late payment interest imposed on the overdue trade receivables as they were trade in nature and the terms and conditions of the contract does not include a late payment interest. The Management has and will continue to engage with the related parties for soonest possible settlement of the outstanding amounts.

The Board of Directors is of the opinion that there is no issue on the recoverability of the said outstanding amounts as at 31 December 2014 as the related parties have had long and good business relationship with Sino Hua-An Group and the above mentioned outstanding amounts have been fully settled as at 31 March 2015.

## 1.6 Review Procedures for the RRPTs

The Board has in place the following internal control procedures to ensure that transactions with Related Parties are conducted at arm's length basis and are based on normal commercial terms consistent with the Group's usual business practices and are not prejudicial to the interests of the minority shareholders:-

- (i) The pricing of transactions with a Related Party will take into account the pricing, prevailing market rates, areas of space rented, quality, level of service, amenities offered and other related facts. The final pricing of transactions with a Related Party shall not be at terms more favourable than the prevailing market practices;
- (ii) All transactions entered into pursuant to the Proposed Renewal of Shareholders' Mandate will be tabled to the Audit Committee on a quarterly basis for its review of compliance with the above. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources;
- (iii) Records will be maintained by the Company to capture all RRPTs entered into pursuant to the Proposed Renewal of Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (iv) The Audit Committee shall continuously review the adequacy and appropriateness of the procedures, as and when required, with the authority to sub-delegate to individuals or committee(s) within the Company as they deem appropriate;
- (v) Where any of the Directors of the Company has an interest (whether direct or indirect) in a RRPT, such Director(s) shall abstain from all deliberations and voting on that matter in the Board's deliberations of such transaction. Where any member of the Audit Committee is interested in a

RRPT, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transaction;

- (vi) Immediate announcement will be made when the actual amount of a RRPT exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more;
- (vii) Disclosure will be made in the Annual Report of the Company of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate; and
- (viii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by related third parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction prices will be reviewed to ensure that the RRPTs are not detrimental to the Company. There are no thresholds for approval of RRPTs within the Group.

### **1.7 Statement by the Audit Committee**

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 1.6 above and is of the view that the review procedures for RRPTs are sufficient to ensure that the RRPTs will be entered into at arm's length and in accordance with the Group's normal commercial terms, and on terms which are not more favourable to the Related Party than those generally available to the public, and hence, will not be detrimental to the minority shareholders. Any member of the Audit Committee who is interested in any RRPT shall not be involved in the review of the RRPT.

The Audit Committee is satisfied that the Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and the review of these procedures and processes are conducted on an annual basis.

### **1.8 Rationale**

The RRPTs entered into by Sino Hua-An Group with the Related Parties are in the ordinary course of business and are necessary for its day-to-day operations. The RRPTs are recurring transactions of a revenue or trading nature that contribute either directly or indirectly to the generation of Sino Hua-An Group's revenue and cost structures. These RRPTs are likely to occur with some degree of frequency and may arise at any time and/or from time to time.

The RRPTs came about and are envisaged to subsist moving forward given the Group's strategic business endeavour to pursue worthwhile and viable business opportunities, regardless of whether these are with third parties or otherwise, when such opportunities arise.

The Related Parties as disclosed in Section 1.4 in which the Group transacts with are physically located within close proximity to the Group's production facilities and thus it is clearly a logical business sense and justifiably cogent to transact with these customers/suppliers. The RRPTs entered or to be entered into are undertaken at an arm's length basis on normal commercial terms with due consideration given to applicable and relevant circumstances, if any, and on terms not more favourable to the Related Parties than those generally available to the public.

The Proposed Renewal of Shareholders' Mandate will enable the Group to enter into the RRPTs which are necessary for the Group's day-to-day operations, subject to these transactions being conducted in the ordinary course of business as mentioned above and are not to the detriment of the minority shareholders of the Company.

### **2.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS/MAJOR SHAREHOLDERS**

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders' Shareholdings as at 31 March 2015, the direct and indirect interests of the interested Director and Major Shareholder of Sino Hua-An in respect of the Proposed Renewal of Shareholders' Mandate are as follows:-

Interested Director/Major Shareholder	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
LGD	178,000,057*	15.86	-	-

*Note:-*

\* 64,000,057 Sino Hua-An shares are being held under the name of UOB Kay Hian Nominees (Asing) Sdn Bhd, Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients)

LGD, the Managing Director and Major Shareholder of Sino Hua-An, is also the son-in-law of Mr. Wang Ting Jiang, a director and shareholder of Jiangquan, and is therefore deemed interested in the Proposed Renewal of Shareholders' Mandate for RRPT. Accordingly, LGD has abstained and will continue to abstain from all Board deliberations and voting in respect of his direct shareholdings in Sino Hua-An. LGD does not have any equity interest in the Related Parties as disclosed in Section 1.4.

Accordingly, LGD shall abstain from voting on the Proposed Renewal of Shareholders' Mandate for RRPT in respect of his direct shareholdings in Sino Hua-An at the forthcoming AGM.

LGD further undertakes to ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in Sino Hua-An on the resolution and deliberating or approving the Proposed Renewal of Shareholders' Mandate at the AGM to be convened.

Save as disclosed above, none of the other Directors and/or Major Shareholders and/or persons connected to them, or associates of a Related Party as defined in the Listing Requirements, has any interest, whether direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

### 3.0 FINANCIAL EFFECTS

The Proposed Renewal of Shareholders' Mandate is not expected to have any material impact on the issued and paid-up share capital, net assets, gearing, earnings and Major Shareholders' shareholdings of Sino Hua-An Group.

### 4.0 APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the approval of the shareholders of Sino Hua-An at the forthcoming AGM to be convened or at any adjournment thereof.

### 5.0 DIRECTORS' RECOMMENDATION

The Board (with the exception of LGD who has abstained from making any opinion and recommendation on the Proposed Renewal of Shareholders' Mandate), having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the above is in the best interests of the Company and therefore recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM of Sino Hua-An.

### 6.0 AGM

An AGM, the Notice of which is enclosed in the Annual Report of the Company for the FYE 31 December 2014 accompanying this Circular, will be held at the Banquet Hall, 2<sup>nd</sup> Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, off Jalan Parlimen, 50480 Kuala Lumpur on Thursday, 21 May 2015 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Renewal of Shareholders' Mandate under the agenda of Special Business as set out in the said Annual Report.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy attached to the Annual Report of the Company for the FYE 31 December 2014, in accordance with the instructions printed thereon as soon as possible so as to arrive 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 fixed for the AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.

**PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO TEN PERCENT (10%) OF ITS OWN SHARES IN THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY**

## 1.0 DETAILS OF THE PROPOSED SHARE BUY-BACK

### 1.1 Introduction

The Board of Directors of Sino Hua-An wishes to seek the approval from the shareholders of the Company to renew the authority granted to the Company at the Eighth AGM of the Company held on 23 May 2014, to purchase its own ordinary shares at any time and from time to time up to 10% of the issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase, subject to Section 67A of the Act, Chapter 12 of the Listing Requirements and any prevailing laws, orders, requirements, rules, regulations and guidelines issued by the relevant authorities at the time of purchase ("Prevailing Laws"). The Shares will be purchased from the open market on Bursa Securities through a stockbroker to be appointed at a later date. As at 31 March 2015, the issued and paid-up share capital of Sino Hua-An is RM561,153,908.50 comprising 1,122,307,817 Sino Hua-An shares of RM0.50 each.

In compliance with Paragraph 12.09 of the Listing Requirements, the Company will not purchase its own shares or hold any of its own shares as treasury shares if this results in the aggregate of the shares purchased or held exceeding 10% of its issued and paid-up capital.

The authority from shareholders for the Proposed Share Buy-Back, if approved, shall be effective upon the passing of the ordinary resolution at the forthcoming AGM until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Share Buy-Back was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution of the shareholders in a general meeting of the Company,

whichever occurs first.

The actual number of Sino Hua-An Shares to be purchased and the timing of the purchase(s) together with the treatment of the Purchased Shares would depend on, amongst others, the prevailing market conditions, the prices of the Shares, the availability of retained earnings, share premium account and financial resources as well as Bursa Securities' requirement on the Company's public shareholding spread.

In accordance with Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares at a price not more than 15% above the weighted average market price of Sino Hua-An Shares for the five (5) market days immediately preceding the date of any purchase.

In the event that the Company decides to retain the Purchased Shares as treasury shares, the Company may only resell the treasury shares on Bursa Securities at the following prices:-

- (a) a price which is not less than the weighted average market price of Sino Hua-An Shares for the five (5) market days immediately before the date of resale; or
- (b) a discounted price which is not more than 5% to the weighted average market price of Sino Hua-An Shares for the five (5) market days immediately before the resale provided that:-
  - (i) the resale takes place not earlier than 30 days from the date of purchase; and
  - (ii) the resale price is not less than the cost of purchase of Sino Hua-An Shares being resold.



## 1.2 Quantum

As at 31 March 2015, the issued and paid-up share capital of Sino Hua-An is RM561,153,908.50 comprising 1,122,307,817 Sino Hua-An Shares.

The actual number of Shares to be purchased by the Company pursuant to the Share Buy-Back, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the stock market as well as the availability of financial resources of the Company and the availability of the retained profits and share premium of the Company.

## 1.3 Funding

In compliance with Paragraph 12.10 of the Listing Requirements, a listed issuer must ensure that the proposed purchases of its own shares are made wholly out of retained profits or share premium account of the listed issuer or both. For the purpose of Paragraph 12.10 above, Paragraph 12.11 of the Listing Requirements, states that there are no restrictions on the types of funds which can be utilised so long as the share buy-back is backed by an equivalent amount of retained profits or share premium of the Company, subject to compliance with Section 67A of the Act and any Prevailing Laws, including compliance with at least 25% of its total listed shares are in the hands of public shareholders, as required by Paragraph 8.02(1) of the Listing Requirements. The details of the share premium account and retained profits of Sino Hua-An are as follows:-

Company Level	Audited Results as at 31 December 2014 RM'000
Share premium	553,891
Retained Profits	21,809
Total	575,700

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits and/or share premium of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available.

The Proposed Share Buy-Back would allow the Board of Sino Hua-An to exercise the power of the Company to purchase its own Shares at any time within the time period mentioned in Section 1.1 above, using internally generated funds and/or external borrowings. The Board will ensure that Sino Hua-An has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Group. The amount of the funds to be utilised would only be determined later depending on the actual number of Sino Hua-An Shares to be purchased, the availability of funds at the time of purchase(s), the market conditions and sentiments of the share market.

## 1.4 Public shareholding spread

As at 31 March 2015, the Record of Depositors of Sino Hua-An showed that 525,741,763 Sino Hua-An Shares representing 46.84% of the issued and paid-up share capital were held by public shareholders. The Company would endeavour to ensure that the Proposed Share Buy-Back will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares if the purchase(s) would result in the listed company being in breach of Paragraph 8.02(1) of the Listing Requirements which states that at least 25% of the Company's listed shares (excluding treasury shares) are in the hands of public shareholders.

## 1.5 Treatment of Shares purchased

Pursuant to Section 67A of the Act, the Board of Directors may deal with the Purchased Shares in the following manner:-

- (a) cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares for distribution as dividends to the shareholders and/or to be resold on Bursa Securities in accordance with the rules of Bursa Securities and/or to be subsequently cancelled; or
- (c) retain part of the Purchased Shares as treasury shares and cancel the remainder.

If such purchased Sino Hua-An Shares were held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any distribution or otherwise would be suspended and the treasury shares would not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

If the Purchased Shares are retained as treasury shares, the Company could realise capital gains if the Purchased Shares are subsequently resold on Bursa Securities at price(s) higher than the purchase price(s). Alternatively, the Company could cancel or distribute the treasury shares as share dividends to shareholders, or subsequently be cancelled, depending on the availability of retained profits, share premium account and tax credit (in accordance with Section 108 of the Income Tax Act, 1967) of the Company.

In the event that the Company decides to purchase its own Shares, the Company will announce on the day the purchase is made providing details of the description of the shares purchased, the number of the shares purchased, the price of each share or, where relevant, the highest and lowest price paid, the total consideration paid and whether the shares purchased are held either as treasury shares or proposed to be cancelled.

In the event that the Company decides to resell the Company's treasury shares, the Company will announce on the day the resale is made providing details of the description of the shares resold, the number of the shares resold, the resale price of each share resold or, where relevant, the highest and lowest resale price and the total consideration received.

In the event that the Company decides to cancel the Company's treasury shares, the Company will announce on the day the cancellation is made providing details of the number of treasury shares, the date of cancellation and the outstanding paid-up share capital of the Company after the cancellation.

## **2.0 RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back, if implemented, would enable Sino Hua-An to utilise its surplus financial resources to purchase its own Shares, when appropriate, at prices which the Board views as favourable. The Proposed Share Buy-Back is expected to stabilise the supply and demand, as well as the price of Sino Hua-An Shares.

All things being equal, the Proposed Share Buy-Back would improve the EPS of Sino Hua-An as it would result in a lower number of the Sino Hua-An Shares being used for the purpose of computing EPS, whether the Purchased Shares are maintained as treasury shares or cancelled. If the EPS of the Group is improved, it is expected to have a positive impact on the market price of Sino Hua-An Shares.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividend, this would serve to reward the shareholders of the Company.

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### 3.0 DIRECTORS' AND MAJOR SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Directors' shareholdings and Register of Substantial Shareholders as at 31 March 2015, assuming that the Proposed Share Buy-Back is implemented in full and that the Purchased Shares are from shareholders other than the Major Shareholders and Directors, the effect of the Proposed Share Buy-Back on the direct and indirect interests of the Directors and Substantial Shareholders and any person connected with the Directors and/or Substantial Shareholders in the proposed purchase of shares or resale of treasury share are set out below:-

<u>Name of Directors</u>	<u>Before the Proposed Share Buy-Back</u>				<u>After the Proposed Share Buy-Back</u>			
	<u>&lt;---Direct---&gt;</u>		<u>&lt;---Indirect---&gt;</u>		<u>&lt;---Direct---&gt;</u>		<u>&lt;---Indirect---&gt;</u>	
	<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	1.08	304,492,259 <sup>(1)</sup>	27.13	12,073,700	1.20	304,492,259 <sup>(1)</sup>	30.15
Liu Guodong	178,000,057 <sup>(2)</sup>	15.86	-	-	178,000,057 <sup>(2)</sup>	17.62	-	-
Liu Xueqiang	-	-	-	-	-	-	-	-
Cedric Choo Sia Teik	-	-	-	-	-	-	-	-
Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid	-	-	-	-	-	-	-	-
Lim See Tow	-	-	-	-	-	-	-	-
Fu Qiang	-	-	-	-	-	-	-	-

  

<u>Name of Major Shareholders</u>	<u>Before the Proposed Share Buy-Back</u>				<u>After the Proposed Share Buy-Back</u>			
	<u>&lt;---Direct---&gt;</u>		<u>&lt;---Indirect---&gt;</u>		<u>&lt;---Direct---&gt;</u>		<u>&lt;---Indirect---&gt;</u>	
	<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>	<u>No. of shares</u>	<u>%</u>
Rock Point Alliance Pte. Ltd.	285,000,080	25.39	-	-	285,000,080	28.22	-	-
Liu Guodong	178,000,057 <sup>(2)</sup>	15.86	-	-	178,000,057 <sup>(2)</sup>	17.62	-	-
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	1.08	304,492,259 <sup>(1)</sup>	27.13	12,073,700	1.20	304,492,259 <sup>(1)</sup>	30.15
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	1,221,500	0.11	315,342,959 <sup>(4)</sup>	28.10	1,221,500	0.12	315,342,159 <sup>(4)</sup>	31.22
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar	1,166,500	0.10	315,397,959 <sup>(5)</sup>	28.10	1,166,500	0.12	315,397,959 <sup>(5)</sup>	31.23
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	1,176,500	0.10	315,387,959 <sup>(6)</sup>	28.10	1,176,500	0.12	315,387,959 <sup>(6)</sup>	31.22
Y.A.M. Tunku Iriah Binti Tuanku Ja'afar	1,154,250	0.10	315,410,209 <sup>(7)</sup>	28.10	1,154,250	0.11	315,410,209 <sup>(7)</sup>	31.23
Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar	1,076,550	0.10	315,487,909 <sup>(8)</sup>	28.11	1,076,550	0.11	315,487,909 <sup>(8)</sup>	31.23

Name of Major Shareholders	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	← Direct →		← Indirect →		← Direct →		← Indirect →	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	100,200	0.01	316,465,759 <sup>(9)</sup>	28.20	100,200	0.01	316,465,759 <sup>(9)</sup>	31.33
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	1,500	0.00	308,810,230 <sup>(10)</sup>	27.52	1,500	0.00	308,810,230 <sup>(10)</sup>	30.57
Rise Business Inc.	102,000,038	9.09	-	-	102,000,038	10.10	-	-
Zhu Qinghua	-	-	102,000,038 <sup>(3)</sup>	9.09	-	-	102,000,038 <sup>(3)</sup>	10.10

Notes:-

- (1) Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.  
Deemed interested by virtue of him being the father of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin.  
Deemed interested by virtue of him being the spouse of Y.M. Tunku Nurul Hayati Binti Tunku Bahador.  
Deemed interested by virtue of his sibling's interest in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of his direct interest of over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of his direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of his direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (2) 64,000,057 Sino Hua-An shares are being held under the name of UOB Kay Hian Nominees (Asing) Sdn. Bhd., Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients).
- (3) Deemed interested by virtue of his direct interest of over 15% equity interest in Rise Business Inc. which in turn holds shares in Sino Hua-An International Berhad.
- (4) Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.  
Deemed interested by virtue of him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.  
Deemed interested by virtue of his direct interest of over 15% in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of his direct interest of over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (5) Deemed interested by virtue of her being the sibling of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.  
Deemed interested by virtue of her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.  
Deemed interested by virtue of her direct interest of over 15% in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of her sibling's interest of over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.
- (6) Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Irinah Binti Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.  
Deemed interested by virtue of him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.  
Deemed interested by virtue of his direct interest of over 15% in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of his sibling's interest of over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.  
Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

- (7) *Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.*  
*Deemed interested by virtue of her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.*  
*Deemed interested by virtue of her direct interest of over 15% in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her sibling's interest of over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.*
- (8) *Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar, Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar, Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar and Y.A.M. Tunku Irinah Binti Tuanku Ja'afar.*  
*Deemed interested by virtue of her being the sister-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.*  
*Deemed interested by virtue of her direct interest of over 15% in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her sibling's interest of over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.*
- (9) *Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar.*  
*Deemed interested by virtue of her being the sister-in-law 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.*  
*Deemed interested by virtue of her being the mother of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin.*  
*Deemed interested by virtue of her brother-in-laws' and sister-in-laws' interests in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of her being the spouse of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.*
- (10) *Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Y.M. Tunku Nurul Hayati Binti Tunku Bahador.*  
*Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.*  
*Deemed interested by virtue of him being the son of Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.*

Save for the resulting increase in percentage of shareholdings as a consequence of the Share Buy-Back, none of the Directors, Substantial Shareholders or persons connected to them has any interest, direct or indirect, in the Share Buy-Back or the resale of treasury shares, if any.

#### **4.0 IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010**

There is no implication relating to the Malaysian Code on Take-Overs and Mergers 2010 ("the Code") if the Proposed Share Buy-Back is carried out in full.

It is the intention of Sino Hua-An to implement the Proposed Share Buy-Back in a manner that will not result in any of the shareholders of Sino Hua-An having to undertake a mandatory offer pursuant to the Code. In the event the number of Sino Hua-An Shares bought back subsequently to the date of this Circular result in any substantial shareholder(s) and/or parties acting in concert triggering the Code, such substantial shareholder(s) and/or parties acting in concert may consider seeking a waiver under Practice Note 9 of the Code.

## **5.0 PURCHASES OF SHARES, RESALE OR CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS**

The Company had not purchased, cancelled and/or resold any Sino Hua-An Shares or treasury shares in the previous twelve (12) months preceding this Circular and the Company currently does not hold any treasury shares.

## **6.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (a) allows the Company flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- (b) allows the Company to take preventive measures against speculations particularly when its Shares are under valued which would in turn, stabilise the market price of Sino Hua-An Shares and hence, enhance investors' confidence;
- (c) the financial resources of the Company may increase as a result of a resale of the Shares held as treasury shares at prices higher than the purchase price; and
- (d) if the treasury shares are distributed as share dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (a) as the Proposed Share Buy-Back could only be made out of retained profits and/or share premium of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future; and
- (b) the Proposed Share Buy-Back would reduce the financial resources of Sino Hua-An Group and may result in the Sino Hua-An Group foregoing better investment opportunities that may emerge in the future.

## **7.0 RISK FACTORS OF THE PROPOSED SHARE BUY-BACK**

The Board is not aware of any risk factors relating to the Proposed Share Buy-Back which could have a material adverse effect on the business or financial position of Sino Hua-An Group.

## **8.0 HISTORICAL SHARE PRICES**

The monthly highest and lowest prices of Sino Hua-An Shares as traded on Bursa Securities for the past twelve (12) months from April, 2014 to March, 2015 are as follows:-

<u>Year</u>	<u>High</u> <u>RM</u>	<u>Low</u> <u>RM</u>
<u>2014</u>		
April	0.160	0.140
May	0.150	0.140
June	0.155	0.145
July	0.155	0.145
August	0.165	0.140
September	0.160	0.150
October	0.155	0.130
November	0.140	0.125
December	0.130	0.095
<u>2015</u>		
January	0.115	0.105
February	0.120	0.105
March	0.140	0.090

(Source: [www.klse.info.com](http://www.klse.info.com))



The last transaction price of Sino Hua-An Shares on 24 March 2015, being the latest practicable date prior to announcement on the Proposed Share Buy-Back : RM0.100

The last transaction price of Sino Hua-An Shares on 16 April 2015, being the latest practicable date prior to printing of this Circular : RM0.095

## 9.0 FINANCIAL EFFECTS

### 9.1 Share Capital

The effects of the Proposed Share Buy-Back are dependent on whether the Purchased Shares are cancelled or alternatively retained as treasury shares.

Based on the assumption that the maximum number of Sino Hua-An Shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the effect on the issued and paid-up share capital of Sino Hua-An would be as follows:-

	No. of Sino Hua-An Shares of RM0.50 each	RM
Existing issued and paid-up share capital @ RM0.50 each as at 31 March 2015	1,122,307,817	561,153,908.50
Less : Maximum number of Sino Hua-An shares that may be purchased	(112,230,781)	(56,115,390.50)
Issued and paid-up share capital after the Proposed Share Buy-Back	1,010,077,036	505,038,518.00

The Proposed Share Buy-Back will result in the reduction of the Company's issued and paid-up share capital if the Sino Hua-An Shares so purchased are cancelled.

However, the Proposed Share Buy-Back would have no effect on the issued and paid-up share capital of Sino Hua-An if all Purchased Shares are retained as treasury shares, resold or distributed as share dividends to shareholders but the rights attached to the treasury shares in relation to voting, dividends and participation in any other distributions or otherwise are suspended.

### 9.2 Net Assets

The effect of the Proposed Share Buy-Back on the net assets per share of Sino Hua-An would depend on the purchase prices of Sino Hua-An Shares at the time of buy back or any loss in interest income to the Company, and whether the Purchased Shares are cancelled or retained as treasury shares.

If all the Purchased Shares were cancelled or kept as treasury shares, the Proposed Share Buy-Back would reduce the net assets per share of Sino Hua-An when the purchase price exceeds the audited net assets per share, and will increase the net assets per share of Sino Hua-An if the purchase price is less than the audited net assets per share at the time of purchase.

If the treasury shares are resold on Bursa Securities, the net assets per share of Sino Hua-An would increase if the Company realises a gain from the resale and would reduce the net assets per share of Sino Hua-An if the Company make a loss from the resale. If the treasury shares are distributed as share dividends, the net assets per share of Sino Hua-An would decrease by the cost of the treasury shares.

### 9.3 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital of Sino Hua-An, the quantum of which depends on the purchase prices and the quantity of Purchased Shares.

For Purchased Shares which are kept as treasury shares, upon its resale, the working capital of the Company would increase assuming that a gain has been realised. Again, the quantum of the increase in the working capital would depend on the actual selling price of the treasury shares and the number of treasury shares resold.

#### **9.4 EPS**

The effect of the Proposed Share Buy-Back on the EPS of Sino Hua-An would depend on the purchase prices of Sino Hua-An Shares or any loss in interest income to Sino Hua-An Group.

If the Purchased Shares are held as treasury shares and later resold, the extent of the impact to the EPS would depend on the actual selling price, the number of treasury shares resold, the effective funding cost (if applicable), the gain or loss on the disposal and the manner in which the proceeds arising from the resale are utilised.

If the Purchased Shares are cancelled, the Proposed Share Buy-Back would increase the EPS of Sino Hua-An Group provided that the income foregone on the Purchased Shares is less than the EPS before the share buy-back.

#### **10.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS/MAJOR SHAREHOLDERS**

Save as disclosed in Section 3.0 above, none of the Directors and Major Shareholders of the Company and/or persons connected to them have any interests, direct or indirect, in the Proposed Share Buy-Back.

#### **11.0 APPROVALS REQUIRED**

The Proposed Share Buy-Back is subject to the approval of the shareholders of Sino Hua-An at the forthcoming AGM to be convened or at any adjournment thereof.

#### **12.0 DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the above is in the best interests of the Company and therefore recommends that you vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM of Sino Hua-An.

#### **13.0 AGM**

An AGM, the Notice of which is enclosed in the Annual Report of the Company for the FYE 31 December 2014 accompanying this Circular, will be held at the Banquet Hall, 2<sup>nd</sup> Floor Kelab Perdana DiRaja Kuala Lumpur (Royal Lake Club), Taman Tasek Perdana, Jalan Cenderamulia, off Jalan Parlimen, 50480 Kuala Lumpur on Thursday, 21 May 2015 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution on the Proposed Share Buy-Back under the agenda of Special Business as set out in the said Annual Report.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy attached to the Annual Report of the Company for the FYE 31 December 2014, in accordance with the instructions printed thereon as soon as possible so as to arrive 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 fixed for the AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting in person at the forthcoming AGM should you subsequently wish to do so.



#### **14.0 FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

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

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar  
Executive Chairman

## APPENDIX I

### FURTHER INFORMATION

#### 1. RESPONSIBILITY STATEMENT

This Circular has been reviewed and approved by the Directors of Sino Hua-An and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

#### 2. MATERIAL LITIGATION

Neither Sino Hua-An nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of Sino Hua-An do not have any knowledge of any proceedings, pending or threatened against Sino Hua-An and/or its subsidiaries or of any facts likely to give rise to any proceedings which might adversely and materially affect the position or business of Sino Hua-An and its subsidiaries as at 31 March 2015 (*being the LPD prior to the printing of this Circular*).

#### 3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered in the ordinary course of business) entered into by the Company or its subsidiaries during the two (2) years preceding the date of this Circular.

#### 4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Sino Hua-An at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours on any working day from the date of this Circular up to and including the date of the forthcoming AGM:-

- (a) Memorandum and Articles of Association of Sino Hua-An; and
- (b) Audited consolidated accounts of Sino Hua-An for the past two (2) FYE 31 December 2013 and 31 December 2014.



**SINO HUA-AN INTERNATIONAL BERHAD**

(Company No. 732227-T)

(Incorporated in Malaysia)

**EXTRACT OF NOTICE OF THE NINTH ANNUAL GENERAL MEETING**

**ORDINARY RESOLUTION 2**

**- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**THAT** approval be and is hereby given to Sino Hua-An International Berhad Group ("the Group") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature and with the Related Parties as stated in Part A Section 1.4 of the Circular to Shareholders dated 24 April 2015, which are necessary for its day-to-day operations, to be entered into by the Group on the basis that this transaction is entered into on terms which are not more favorable to the Related Party involved than generally available to the public and are not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Renewal of Shareholders' Mandate");

**THAT** the Proposed Renewal of Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate, shall only continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at the general meeting, the authority is renewed; or
- (b) the expiration of the period within which the AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier;

**AND THAT** the Directors and/or any of them be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

**ORDINARY RESOLUTION 3**

**- PROPOSED RENEWAL OF SHARE BUY-BACK OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF SINO HUA-AN INTERNATIONAL BERHAD**

"**THAT** subject always to the Companies Act, 1965 ("the Act"), the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the approvals of all relevant governmental and/or regulatory authorities, the Company be authorised, to the extent permitted by the law, to buy back such amount of ordinary shares of RM0.50 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors deem fit and expedient in the interest of the Company provided that:-

- i) The aggregate number of shares bought-back does not exceed 10% of the total issued and paid-up share capital of the Company at any point in time;
- ii) The maximum amount of funds to be allocated for the share buy-back shall not exceed the aggregate of the retained profits and/or share premium of the Company based on the latest audited financial statement and/or statement and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

- iii) The shares purchased are to be treated in either of the following manner:-
  - (a) cancel the purchased ordinary shares; or
  - (b) retain the purchased ordinary shares as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Securities; or
  - (c) retain part of the purchased ordinary shares as treasury shares and cancel the remainder.

**THAT** the authority conferred by this resolution shall commence upon the passing of this resolution until:-

- i) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting of the Company,

whichever occurs first;

**AND THAT** authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought-back) in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities, and all other relevant governmental and/or regulatory authorities.”