SINO HUA-AN INTERNATIONAL BERHAD
(732227-T)

ANNUAL 2011 REPORT

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SINO HUA-AN INTERNATIONAL BERHAD

NOTICE OF THE SIXTH
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("AGM") of the Company will be held at the Banyan, Casuarina and Dillenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 21 May 2012 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon. (Resolution 1)

2. To approve the payment of Directors' Fees for the financial year ended 31 December 2011. (Resolution 2)

3. To re-elect the following Directors who retire pursuant to Article 95 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Resolution 3)
   (b) Mr. Zhu QingHua (Resolution 4)

4. To pass the following resolution pursuant to Section 129(6) of the Companies Act 1965 :- (Resolution 5)

   "**THAT** pursuant to Section 129(6) of the Companies Act 1965, Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid who is over the age of 70 years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next AGM."

5. To re-appoint Messrs. Morison Anuarul Azizan Chew as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. (Resolution 6)

6. **As Special Business**

   To consider and if thought fit, with or without any modification, to pass the following resolutions as Ordinary and Special Resolutions:-

   ORDINARY RESOLUTION 1 (Resolution 7)
   - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT 1965

   "**THAT** subject to Section 132D of the Companies Act 1965 and approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities");

   AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

ORDINARY RESOLUTION 2 (Resolution 8)
- 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 with the Related Parties as stated in Part A Section 1.4 of the Circular to Shareholders dated 27 April 2012, 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 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act 1965; 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 authorised 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 (Resolution 9)
- PROPOSED RENEWAL OF AUTHORITY FOR 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 provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of 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; 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 Companies Act 1965, 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."

SPECIAL RESOLUTION (Resolution 10)
- PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

"**THAT** the proposed amendments to the Company's Articles of Association as set out in Part C of the Circular to Shareholders dated 27 April 2012, be and are hereby approved and THAT the Directors and Secretary be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments of the Company's Articles of Association."

7. To transact any other ordinary business of which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
PAN SENG WEE (MAICSA 7034299)
Company Secretaries

Kuala Lumpur
27 April 2012

EXPLANATORY NOTE TO SPECIAL BUSINESS:-

1. Authority to issue shares pursuant to Section 132D of the Companies Act 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act 1965 at the Sixth AGM of the Company (hereinafter referred to as the “General Mandate”).

The Company had been granted a general mandate by its shareholders at the Fifth AGM of the Company held on 20 May 2011 (hereinafter referred to as the “Previous Mandate”).

As at the date of this Notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without having to convene a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next AGM.

The proceeds raised from the General Mandate will provide flexibility to the Company for purposes of funding any future investment project(s), working capital, acquisitions, expansion and/or diversification proposals.

2. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature

The Shareholders’ Mandate under Ordinary Resolution No. 2 was intended to facilitate transactions in the normal course of business of the Group which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm’s length basis and on the Group’s normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the Shareholders’ Mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders’ approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

3. Proposed Renewal of Authority for Share Buy-Back of up to 10% of the issued and paid-up share capital of Sino Hua-An International Berhad

The proposed adoption of Ordinary Resolution No. 3 is to renew the authority granted by the shareholders of the Company at the Fifth AGM held on 20 May 2011. The proposed renewal will allow your Directors to exercise the power of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities.

4. Proposed Amendments to Articles of Association

The Proposed Amendments of Articles of Association are to streamline the Company’s Articles of Association to be aligned with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

Statement Accompanying Notice of Annual General Meeting Pursuant to Paragraph 8.28(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. The following are the Directors standing for re-election at the Sixth AGM:-

   (a) Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Pursuant to Article 95 of the Company's Articles of Association)
   (b) Mr. Zhu QingHua (Pursuant to Article 95 of the Company's Articles of Association)

2. The following is the Director standing for re-appointment pursuant to Section 129(6) of the Companies Act 1965 at the Sixth AGM:-

   (a) Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid

3. The details of the above Directors standing for re-election/re-appointment are set out in their respective profiles which appear in Pages 8 to 11 of this Annual Report. Their holdings in securities of the Company are set out in the Analysis of Shareholdings on Pages 84 to 91 of this Annual Report.

Notes:

1. In respect of deposited security, only members whose names appear in the Record of Depositors on 15 May 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote at the same meetings subject always to a maximum of two (2) proxies at each meeting.
3. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Security Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified copy of such power of authority, must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time appointed of holding the above meeting and at any adjournment thereof.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
(DK, DKYR, SPNS, SPMP, PPT)
Executive Chairman

Liu Guodong
Managing Director

Zhu Qinghua
Executive Director

Lim See Tow
Independent Non-Executive Director

Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid
(DPTJ, KMN, DSN, PJK)
Senior Director
Independent Non-Executive Director

Cedric Choo Sia Teik
Executive Director

Fu Qiang
Independent Non-Executive Director

AUDIT COMMITTEE

Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid
(DPTJ, KMN, DSN, PJK)
Chairman
Senior Director
Independent Non-Executive Director

Fu Qiang
Independent Non-Executive Director

Lim See Tow
Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Pan Seng Wee (MAICSA 7034299)

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel : (603) 2084 9000
Fax : (603) 2094 9940

REGISTERED OFFICE

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel : (603) 2084 9000
Fax : (603) 2094 9940

NOMINATION & REMUNERATION COMMITTEE

Lim See Tow
Chairperson
Independent Non-Executive Director

Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid
(DPTJ, KMN, DSN, PJK)
Senior Director
Independent Non-Executive Director

Fu Qiang
Independent Non-Executive Director

PRINCIPAL BANKERS

RHB Bank Berhad (Kuala Lumpur, Malaysia)

The Hongkong and Shanghai Banking Corporation Limited (Hong Kong)

China Construction Bank (Linyi City, Shandong Province, People's Republic of China)

Agricultural Bank of China (Linyi City, Shandong Province, People's Republic of China)

AUDITORS

Messrs. Morison Anuarul Azizan Chew
(AF001977)
(an independent member of Morison International)
Chartered Accountants

STOCK EXCHANGE

Bursa Malaysia Securities Berhad
(Main Market)

PROFILE
OF DIRECTORS

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
(DK, DKYR, SPNS, SPMP, PPT)
Executive Chairman

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, a Malaysian aged 65, was appointed to the Board of Sino Hua-An on 21 March 2007. He is currently the Executive Chairman of Sino Hua-An.

He has a Bachelor of Science in Economics (Honours) degree from the University of Wales, Aberystwyth, United Kingdom. He was a Diplomat for five years and served as Second Secretary in Paris, France from 1972 to 1975. He was proclaimed Regent of Negeri Sembilan from 1994 until 1999. On 11 August 2006, he was appointed as Director of PIPO Overseas Ltd. He has served as Chairman of Antah Holdings Bhd and is on the boards of several other public listed companies in Malaysia and overseas, including Kian Joo Can Factory Berhad, Ann Joo Resources Berhad and Olympia Industries Berhad as well as Global Gold Holdings Limited and Noble Mineral Resources Limited, both of which are listed in Australia.

Y.A.M. Tunku Naquiyuddin is a keen environmentalist and was a Committee Member of the World Wide Fund for Nature (Malaysia) and a Council Member of the Business Council for Sustainable Development in Geneva. As an active and conscientious businessman, Y.A.M. Tunku Naquiyuddin contributed to the business fraternity through his appointment as founding Chairman of the Federation of Public Listed Companies Berhad (FPLC), heading the initiatives to bridge bilateral business boundaries through the Malaysia-France Economic and Trade Association for eight years (8) and striving for Asia-Pacific co-operation through the Canada-ASEAN Centre of which he was a Council Member. He was nominated by the Minister of Finance to serve on the Committee of the Kuala Lumpur Stock Exchange from 1989 to 1994.

Y.A.M. Tunku Naquiyuddin is a major shareholder of Sino Hua-An and he has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Y.Bhg Dato' Mohd Shahar Bin Abdul Hamid
(DPTJ, KMN, DSN, PJK)
Senior Director
Independent Non-Executive Director

Y.Bhg Dato' Mohd Shahar Bin Abdul Hamid, a Malaysian aged 76 has served on the Board of the Sino Hua-An since 21 March 2007. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee. He was a Shell scholar in engineering (1954-1960) and he served Shell Malaysia Trading Sdn Bhd in various senior positions until 1971. He was then invited to serve as Managing Director of Pernas Trading Sdn Bhd and Pernas Edar Sdn Bhd until 1977. In the years 1971 to 1974, he was appointed the leader of the Malaysian Trade Delegations to China, (The Canton Trade Fair) held twice a year in April and October. Subsequently, he was appointed as Managing Director of Gula Negeri Sembilan Sdn Bhd, to carry out the Project Reappraisal, following which he ventured into the housing development and fertilizer businesses. He served as Director of Antah Holdings Berhad since 1 June 1984 and is currently a Director in Ho Wah Genting Berhad. He is one of the founder members of the Lembaga Pemegang Amanah Yayasan Negeri Sembilan and a Trustee of Tuanku Ja'afar Educational Trust.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Liu Guodong
Managing Director

Mr. Liu Guodong, a Chinese People's Republic of China ("PRC") national aged 41, was appointed to the Board of Sino Hua-An on 22 March 2007. He is currently the Managing Director of Sino Hua-An.

He was the Managing Director of Linyi Yehua Loking Co., Ltd ("Yehua") since 15 December 2004 and was appointed as the legal representative of Yehua on 1 July 2005. He graduated from Linyi Teaching Institute with a Bachelor degree in Sports in 1995. Prior to joining Yehua, from 1994 to 2005, he was a self-employed businessman involved in the dealing of iron ore, coal and electrolysis aluminite powder. On 21 June 2005, he was appointed as the Director of PIPO Overseas Ltd. Overall, Mr. Liu has over ten (10) years of working experience in the related industry.

Mr. Liu is a major shareholder of Sino Hua-An and he has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company except as disclosed in the financial statements.

Cedric Choo Sia Teik
Executive Director

Mr. Cedric Choo Sia Teik, a Malaysian aged 39, was appointed to the Board of Sino Hua-An on 21 March 2007. He is currently the Executive Director of Sino Hua-An. He holds a B.A. Economics (Honours) majoring in Accounting and Finance degree from the University of Manchester, United Kingdom. He is also a Chartered Accountant and a fellow member of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom and the Malaysian Institute of Accountants ("MIA"). In 1995, he began his career with Arthur Andersen & Co., in the Corporate Finance department and later with Ernst & Young in July 2002 upon the merger of the two firms in Malaysia. He left Ernst & Young in 2005 and joined Antah Holdings Berhad as an Executive Director on 16 June 2005. Upon conclusion of the Antah restructuring exercise, he joined Sino Hua-An as an Executive Director. On 11 August 2006, he was appointed as the Director of PIPO Overseas Ltd.

Overall, Mr. Choo has over ten (10) years of working experience in accounting and finance.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Zhu Qinghua

Executive Director

Mr. Zhu Qinghua, a Chinese PRC national aged 54, was appointed to the Board of Sino Hua-An on 22 March 2007. He is currently the Executive Director of Sino Hua-An and a Director of Yehua. For the period 1990 to 2001, he was engaged in the commercial trade of building material, hardware, mechanical and electrical products and coal mining. In 2001, Mr. Zhu co-founded Mengfei with Mr. Zhang Tianran and was appointed as the Director and General Manager of Mengfei. He was responsible for the sales and marketing, purchasing, administration department of Mengfei. On 21 June 2005, he was appointed as the Director of PIPO Overseas Ltd. Overall, Mr. Zhu has over 15 years of working experience in the related industry.

Mr. Zhu is a major shareholder of Sino Hua-An by virtue of his direct interest in Rise Business Inc.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

Fu Qiang

Independent Non-Executive Director

Mr. Fu Qiang, a Chinese PRC national aged 60, was appointed to the Board of Sino Hua-An on 16 August 2010. He is a member of both the Audit Committee and the Nomination and Remuneration Committee.

From 1987 to 1998, Mr. Fu was involved with the Linyi City Restructuring Committee, focussing principally on corporate restructuring works for local organisations in Linyi city. He held the position as a Senior Economist of the Shandong Employment Office in 1998. Since then, Mr. Fu has continued to assume an advisory role, monitoring and directing restructuring related matters, which include assisting numerous local organisations in their respective corporate, financial and operational restructuring exercises.

Mr. Fu has since published several articles in various financial magazines on subject matter relating to the securities market and corporate/share restructuring areas.

In 2002, Mr. Fu completed his post-graduate research in Business Administration from the China Technology University.

He has no family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.

Lim See Tow

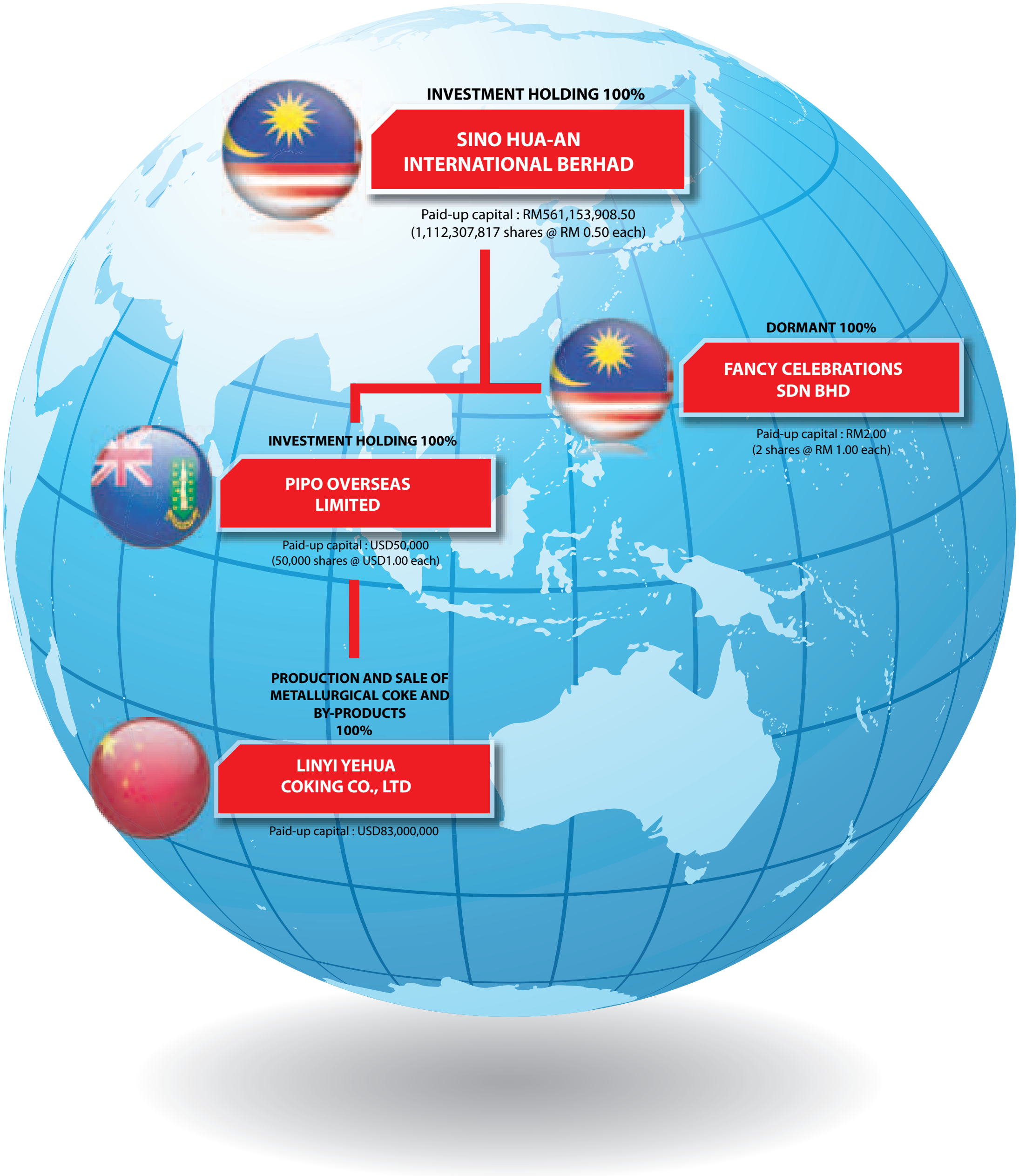
Independent Non-Executive Director

Ms. Lim See Tow, a Malaysian aged 36, has served on the Board of Sino Hua-An since 18 January 2008. She is a member of the Audit Committee and the Chairperson of the Nomination and Remuneration Committee. Ms. Lim is a member of the ACCA and the MIA. She was with Messrs. Deloitte & Touche from 1999 to 2003. From 2005 to 2007 she was the Head of Finance & Special Project in Antah Holdings Berhad. Currently she is a Director in Clearwater Developments Sdn Bhd.

She has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

- Please refer to page 85 of the Analysis of Shareholdings - Director's Shareholdings of this Annual Report on the director's shareholding in the Company.
- None of the Directors have any conviction for offences within the past 10 years other than traffic offences, if any.

THE SINO HUA-AN
GROUP



The Sino Hua-An International Berhad Group ("the Group") fully supports effective Corporate Governance and the development of best practices in its pursuit of business integrity and professionalism.

The Board of Directors ("Board") of the Group regards Corporate Governance as vitally important to the success of the Group's business and is committed to applying the following principles, necessary to ensure that good governance is practiced in all of its business dealings in respect of its shareholders and relevant stakeholders:-

- The Board is the focal point of the Group's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Group.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Group for achieving a high level of good governance.

THE BOARD

The Group is controlled and led by a Board which is primarily entrusted with the responsibility of charting the direction of the Group. In addition, the Board oversees the conduct of the Group businesses and establishes and maintains an adequate system of internal controls. Due to limitations inherent to any system of internal controls, the Board focused primarily on the mitigation of any foreseeable or potential risks facing the Group.

To ensure that the Group is managed effectively, the Board meets regularly, with a formal schedule of matters reserved for its deliberation. The Board collectively deliberates, reviews and considers all corporate proposals prior to implementation. Corporate proposals are put to vote after thorough deliberation. In the event of an equality of votes for or against any particular proposal, the Chairman of the meeting shall have a second or casting vote, except when only two (2) Directors are competent to vote on the proposal. In this respect, no individual or group of individuals dominates the Board's decision making.

In the management and day-to-day operations of the Group, the Board, through the Managing Director, is fully assisted by the management. The Board outlines the policies and objectives of the Group, which are carried out by the management through the supervision of the Managing Director.

BOARD BALANCE

The Board members comprise one (1) Executive Chairman, one (1) Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors (one of which is a Senior Director).

The profiles of individual Directors are set out on Pages 8 to 11 of this Annual Report.

The composition of the Board not only reflects the broad range of experiences, skills and knowledge required to successfully direct and supervise the Group business activities, but also the importance of independence in decision making at the Board level.

There is also balance in the Board because of the presence of Independent Non-Executive Directors of caliber and experiences necessary to carry sufficient weight in the Board's decision making process. All the Non-Executive Directors are independent of the management and free from any business or other relationship that could materially interfere with the exercise of their independent judgment. They have the capability to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interest of the Group, as well as the shareholders, employees, customers, suppliers, authorities and the many communities in which the Group conducts its businesses.

In discharging its duties, the Board met a total of five (5) times during the financial year ended 31 December 2011.

The record of attendance at the meetings of the Board of Directors for the financial year ended 31 December 2011 is as follows:-

Directors	Date Of Appointment	No. Of Board Meetings Attended	Percentage
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	21.03.07	5/5	100%
Liu Guodong	22.03.07	5/5	100%
Cedric Choo Sia Teik	21.03.07	5/5	100%
Zhu Qinghua	22.03.07	5/5	100%
Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid	21.03.07	5/5	100%
Fu Qiang	16.08.10	5/5	100%
Lim See Tow	18.01.08	5/5	100%

DIRECTORS' TRAINING

All the members of the Board have attended the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analyst Malaysia (RIIAM) and Bursatra Sdn Bhd, the training arm of Bursa Malaysia Securities Berhad.

During the financial year, the Directors had on several and separate occasions attended various relevant trainings, seminars and dialogues to keep themselves abreast with the latest updates and developments within the industry.

Moving forward, the Directors will continue to undergo relevant training programmes, as and when they deem fit and appropriate, to further enhance their skills, knowledge and experience in order to fulfill their duties as Directors.

RE-ELECTION / RE-APPOINTMENT OF DIRECTORS

The Articles provide that at least one-third (1/3) or the number nearest to one-third shall retire from office once at least in every three (3) years but shall be eligible for re-election. In accordance with the Company's Articles of Association, two (2) of the Directors, namely Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar and Mr. Zhu Qinghua are due to retire at this forthcoming AGM and being eligible, would be standing for re-election.

Meanwhile, Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid, a Director who is over the age of 70 years will be retiring at the forthcoming AGM pursuant to Section 129(6) of the Companies Act, 1965 and is seeking for re-appointment.

INFORMATION AND EXTERNAL ADVICE

The Board is provided with comprehensive board papers on a timely basis prior to board meetings. This is to ensure and to enable the Directors to discharge their duties and responsibilities competently and in a well-informed manner. All members of the Board have access to the advice and services of the Company Secretaries. The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Malaysia Securities Berhad.

Directors are also empowered to seek such external independent professional advice as they may require, at the expense of the Company, to enable them to make well-informed decisions.

RESPONSIBILITY AND ACCOUNTABILITY

The Directors confirm that the financial statements continue to be prepared on the going concern basis and are satisfied that the Group will continue to secure adequate resources at the time of approving the financial statements, to continue in business for the foreseeable future.

The Directors are fully aware that they have the overall and ultimate responsibility for the Group's system of internal controls. The Board also maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets. However, such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is committed to the identification of risk factors throughout the Group. The Board is well informed on areas where there are significant business risks or exposure as well as the consistency of its risk measurement, monitoring and management.

AUDIT COMMITTEE

The membership and Terms of Reference of the Audit Committee is as stated in the Audit Committee Report of this Annual Report. A summary of the activities of the Audit Committee during the year, including an evaluation of the independent audit process, is set out in the Audit Committee Report on page 24.

The Audit Committee met a total of five (5) times during the financial year ended 31 December 2011.

The External Auditors have direct access to the Chairman and members of the Audit Committee without the presence of the Executive Directors / management for independent discussions.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises the following members:-

Chairperson	:	**Lim See Tow** *(Independent Non-Executive Director)*
Members	:	**Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid** *(Senior Director; Independent Non-Executive Director)*
	:	**Fu Qiang** *(Independent Non-Executive Director)*
	:	**Liu Guodong** *(Managing Director)* *Appointed on 1 May 2011*

The Nomination and Remuneration Committee is empowered by the Board to present to the Board recommendations as to the appointment of new Directors and to determine the level and make up of Directors' remuneration to ensure that the Group attracts and retains Directors of the necessary caliber, experiences and quality needed to run the Group successfully.

The Committee also keeps under review the Board structure, size and composition as well as considering the Board succession planning. Additionally, the Committee performs periodic performance appraisals of the Board, Board Committees and individual directors during the financial year.

The details of the remuneration of the Directors of the Group/Company for the financial year under review are as follows:-

Category	**Fees RM'000**	**Salary & Other Emoluments RM'000**	**Benefits-in-Kind RM'000**	**Allowances RM'000**
Non-Executive Directors	94	–	–	13
Executive Directors	–	1,185	–	–

The number of Directors of the Group/Company whose total remuneration during the financial year under review that fall within the following bands are as follows:-

	Number
Executive Directors	
RM200,001 – RM250,000	3
RM250,001 – RM300,000	–
RM300,001 – RM350,000	–
RM350,001 – RM400,000	–
RM400,001 – RM450,000	1
Non-Executive Directors	
Below RM50,000	3

During the financial year, the Nomination and Remuneration Committee met twice.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATION

The Group appreciates feedback from its valued shareholders and consistent with this, it is the intention of the Board that the shareholders are well informed of all major developments that have an impact on the Group.

The various channels of communication with the shareholders are as follows:-

- The Annual Report;
- The AGM;
- The various disclosures and announcements made to Bursa Malaysia Securities Berhad ("Bursa Securities");
- Newspaper articles and published interviews with business journalists;
- Regular updates, dialogues, meeting, presentations with institutional shareholders as well as ad-hoc responses to enquiries from stakeholders.

Besides the mandatory reporting and the public announcements of the Company's financial results to Bursa Securities, regulatory bodies and other relevant authorities, the Group keeps the members of the investing community and the shareholders abreast of its developments through press releases and active investor relations programmes.

During the financial year, the directors and management had held several meetings and dialogues with research analysts, fund managers, asset management firms and institutional investment funds to keep them abreast with the business of the Group as well as the environment and industry within which the Group operates in.

The AGM is the principal forum for dialogue between the Group and its shareholders. Shareholders are given ample notice to prepare or present questions to the Board at the AGM. The AGM is also an excellent opportunity for shareholders to direct questions to the Board in relation to the Group's financial performance and the Group's activities. The Group has an existing website, namely www.sinohuaan.com which is updated regularly, for shareholders and the public to gain access to corporate information, news and events relating to the Group. Investors and members of the public who wish to contact the Group on any matters pertaining to their shareholdings, investments and/or the Group's business undertakings can channel their enquiries through e-mail via the said Group's website.

This statement is made in respect of the financial year ended 31 December 2011 and in accordance with a resolution passed at the Board of Directors' Meeting held on 28 March 2012.

ADDITIONAL
COMPLIANCE INFORMATION

The following information is provided in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad:-

1. Non-Audit Fees

The amount of non-audit fees paid/payable to the external auditors and their affiliated companies in the Group for the financial year ended 31 December 2011 is RM7,290.

2. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interest still subsisting at the end of the financial year ended 31 December 2011.

3. Recurrent Related Party Transactions of Revenue or Trading Nature

The details of the transactions with related parties undertaken by the Group during the financial year are disclosed in Note 23 to the Financial Statements on pages 73 to 74 of this Annual Report.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Board, as guided by the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" is pleased to provide the following Statement on Internal Controls which outlines the nature and scope of internal controls of the Group during the financial year.

THE BOARD'S RESPONSIBILITIES

The Board acknowledges their responsibility to maintain a system of internal control and for reviewing its adequacy and integrity. The system is designed to manage rather than eliminate the risk of failure in achieving the Group's corporate objectives and can only provide reasonable but not absolute assurance against any material misstatement or loss.

THE RISK MANAGEMENT PROCESS

Apart from financial controls, the Group's system of internal controls also cover operational and compliance controls and, most importantly, risk management. As part of the risk management process, the Board assisted by the Audit Committee, is continuously identifying, assessing and managing significant business risks faced by the Group throughout the financial year.

The process will be regularly reviewed by the Board through the Audit Committee and is in accordance with the guidance as contained in the "Statement of Internal Control: Guidance for Directors of Public Listed Companies".

THE INTERNAL CONTROL PROCESS

The other key features of the Group's internal control system include the following:-

- An organization structure with defined lines of responsibility and appropriate reporting structure including proper approval and authorization limit for approving capital expenditure and expenses within the Group;
- Internal policies and procedures are documented and regularly reviewed and updated through a series of manuals for all major operations of the Group;
- Strategic planning and annual budgeting are undertaken for the key business units. Senior management closely monitors the key performance indicators and financial and operating results against budget to identify and where appropriate, to address significant variances;
- An Internal Audit Department which performs regular and systematic review of the internal controls to assess and provide sufficient assurance on the effectiveness of the systems of internal control and to highlight significant risks impacting the Group with recommendation for improvement; and
- The Audit Committee will regularly review reports by the Internal Audit Department and conducts annual assessment on the adequacy of the Department's scope of work and resources.

The Group continues to take measures to enhance and strengthen the internal control environment.

This statement is made in respect of the financial year ended 31 December 2011 and in accordance with a resolution passed at the Board of Directors' Meeting held on 28 March 2012.

STATEMENT ON
CORPORATE SOCIAL RESPONSIBILITY

The Group remains committed to the philosophy of giving back to the community by aligning its corporate and social activities to support worthy social causes as part of our contribution to society and nation building. In pursuing our corporate social responsibility, we have either participated actively or embarked on a variety of initiatives during the year. A glimpse of these activities during the year are described below.

Annually, the Group supports the Seremban Half Marathon ("SHM"), an initiative focused in developing promising disabled athletes and aspiring young children in various sporting events. The Group participated as one of the sponsors for the event with some cash contribution. The funds generated during the event is put into the state Junior Athletes Development Fund (which is managed by a board of trustee) and will be used to support the abovementioned local sporting talents.


Sponsors and co-sponsors return for marathon

FROM PREVIOUS PAGE

Strong support: Zainal (second from left) and Tunku Naquiyuddin (third from left) with co-sponsors (from left) Sports Toto Malaysia Sdn Bhd communications assistant manager Sharifah Hanom Syed Hussin, Royal Selangor International Sdn Bhd communications manager Anne Leong, Sino Hua-An International Bhd executive director Cedric Choo Sia Teik and Sino Hua-An International Bhd financial controller Tony Foong.

The 2011 SHM event was held on 24 July 2011 and a record of 11,500 participants including about 200 participating in the disabled categories turned up for the 24th edition of the SHM.

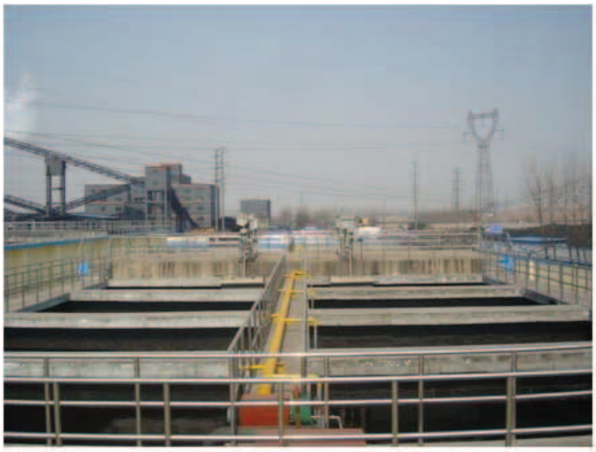
The Group appreciates the contribution and dedication of its workforce in ensuring the continued success of the business operations. We appreciate the fact that human capital is our most valuable asset. As such, the Group endeavours to create a healthy and affable working environment for our 1,500 strong workforce by organising various social gatherings and events in an effort to promote a fun factor, camaraderie and genial interaction between all levels of employees. In addition to festivities celebrations, the Group have also organized cultural shows, social competitions and annual sporting events, amongst others, during the year.

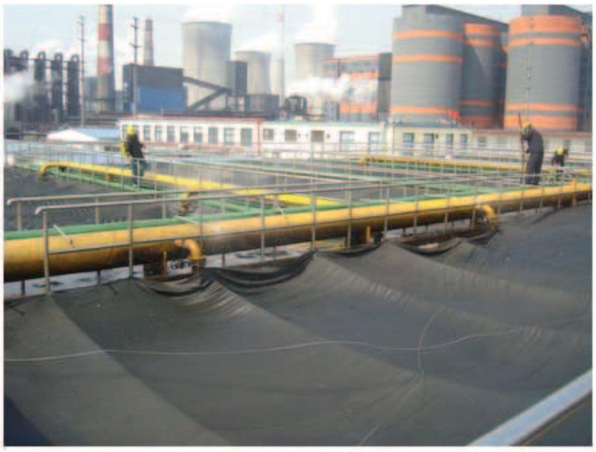
The Group recognizes the selfless services and sacrifices made by members of the Fire Brigade. In this respect, the Group had once again made contributions to the Fire Brigade Association (Kesatuan Pekerja Bomba dan Penyelamat, Semenanjung Malaysia). Such contributions will be channeled to the Firefighters' Welfare, Building and Education Fund.

STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

By virtue of the Group's operations and business undertakings carried out principally in the Shandong Province, China, the Group is conscious of the need to give back to the local community there. Our subsidiary, namely Linyi Yehua Coking Co., Ltd. ("Yehua") continues to adopt a policy of ensuring recruitment priority is given to the citizens of Linyi City, the area in which our plant is located. As a result, a substantial majority of our approximately 1,500 workforce are people from the Linyi area. Additionally, since 2009, Yehua had established a collaboration with the Linyi Teachers' College to provide job attachments programme for technical training to the students in the chemistry faculty of the said college.

We endeavor to be an environmentally conscious Group. We take cognizance of the emissions from our plant and have taken the initiative to put in place environmentally protective measures and installed relatively advanced environmental protection equipment and mechanism to control the level of emissions released into the atmosphere. Additionally, we recycle the water used for the "quenching" process and have a waste water treatment plant within the vicinity to control the discharge of water pollutants and manage the water pollution level. The Group is committed towards careful use of natural resources such as water, in its effort to ensuring environmental sustainability.





STATEMENT ON
DIRECTORS' RESPONSIBILITY

In accordance with the provisions of the Companies Act 1965, the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting policies, the Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Group and the Company as at the financial year and of the results and cash flows for that year then ended.

The Directors consider that in preparing the financial statements:-

- the Group and the Company have used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable MASB approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records which enable them to ensure that the financial statements comply with the provisions of the Companies Act 1965, the Listing Requirements of Bursa Securities and the applicable MASB Approved Accounting Standards in Malaysia.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution passed at the Board of Directors' meeting held on 28 March 2012.

AUDIT COMMITTEE
REPORT

The Board of **Sino Hua-An** is pleased to present the report of Audit Committee of the Company for the financial year ended 31 December 2011.

The members of the Audit Committee are as follows:-

Chairman	:	**Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid** *Senior Director* *Independent Non-Executive Director*
Members	:	**Ms. Lim See Tow** *Independent Non-Executive Director*
		Mr. Fu Qiang *Independent Non-Executive Director*

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Composition

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) members, all of whom shall be non-executive directors, where the majority shall be independent directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Listing Requirements of Bursa Securities.

All members of the Audit Committee should be financially literate and at least one (1) member:-

(a) shall be a member of the Malaysian Institute of Accountants ("MIA"); or

(b) if he is not a member of the MIA, he must have at least 3 years of working experience and:-

i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

ii. he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967.

(c) fulfils such other requirements as prescribed by Bursa Securities.

No alternate director is appointed as a member of the Audit Committee.

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated in paragraph 1 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

2. Chairman

The members of the Audit Committee shall elect a Chairman from amongst their member who shall be an Independent Non-Executive Director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be Independent Director to chair the meeting.

3. Secretary

The Secretary of the Audit Committee shall be the Company Secretary.

4. Terms of Office

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once in every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

5. Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the External Auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the External Auditors believe should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, Managing Director, Financial Controller, Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Group.

The Financial Controller, the Head of Internal Audit and a representative of the External Auditors should normally attend the Audit Committee meetings. Other Board members and employees may attend Audit Committee meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the External Auditors without executive Board members present at least twice a year and whenever necessary.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

6. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

7. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

8. Reporting

The Audit Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Audit Committee shall report to the Board on any specific matters referred to it by the Board for investigation and report.

9. Objectives

The principal objectives of the Audit Committee is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

- evaluate the quality of the audits performed by the Internal and External Auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct; and
- determine the quality, adequacy and effectiveness of the Group's control environment.

10. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

(a) have explicit authority to investigate any activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Audit Committee;

(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the Internal and External Auditors and senior management of the Company and the Group;

(c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;

(d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any); and

(e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

11. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

(a) To consider the appointment of the External Auditors, the audit fee and any question of resignation or dismissal;

(b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

(c) To review with the External Auditors his evaluation of the system of internal controls and his audit report;

(d) To review the quarterly and year-end financial statements of the Board, focusing particularly on:–

- any change in accounting policies and practices;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

(e) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of management, where necessary);

(f) To review the External Auditors' management letter and management's response;

(g) To do the following, in relation to the internal audit function:-

- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(h) To consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(i) To report its findings on the financial and management performance, and other material matters to the Board;

(j) To consider the major findings of internal investigations and management's response;

(k) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;

(l) To determine the remit of the internal audit function;

(m) To consider other topics as defined by the Board; and

(n) To consider and examine such other matters as the Audit Committee considers appropriate.

AUDIT COMMITTEE MEETINGS

The Audit Committee held five (5) meetings during the financial year ended 31 December 2011. The record of attendance of the Audit Committee meetings is as follows:-

Details of attendance of Audit Committee Members

	Date of Audit Committee Meetings				
Name of Members	**25.02.11**	**30.03.11**	**19.05.11**	**23.08.11**	**25.11.11**
Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid	√	√	√	√	√
Ms. Lim See Tow	√	√	√	√	√
Mr. Fu Qiang	√	√	√	√	√

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out the following activities:-

(i) Reviewed the quarterly unaudited financial statements of the Group to recommend to the Board for approval;

(ii) Reviewed the annual audited financial statements of the Company with the External Auditors prior to submission to the Board for their approval. The review was, inter-alia, to ensure compliance with:-

- Provision of the Companies Act, 1965;
- Listing Requirements of Bursa Securities;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with management and the External Auditors the accounting principles and standards that were applied and their judgment of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit;

(iii) Reviewed with the External Auditors:-

- their audit plan, audit strategy and scope of work for the year;
- the results of the annual audit, their audit report and management letter together with management's response to the findings of the External Auditors;

(iv) Discussed the implications of any latest changes and pronouncements on Company and the Group issued by the statutory and regulatory bodies;

(v) Reviewed the Circular to Shareholders in relation to Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Renewal of Authority for Share Buy-Back of up to 10% of the issued and paid-up capital of the Company;

(vi) Reviewed the recurrent related party transactions entered into between the Company and related parties; and

(vii) Reviewed the quarterly Internal Auditor's Report.

INTERNAL AUDIT FUNCTIONS

The Audit Committee is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the maintenance of a sound system of internal control.

The objective of the internal audit function is to provide independent assurance to the Board that the Group's system of internal control is adequate and functioning as intended.

The internal audit function consists of providing independent assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

A structured risk assessment approach is used to examine all of the Group's activities and its inherent risks. Audits are prioritised according to an assessment of the potential risk exposures.

The internal audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, management efficiency and level of customer services, amongst others. These audits ensure that the instituted controls are appropriate, effectively applied and achieve acceptable risk exposures.

Internal audit function endevours to monitor the risk governance framework and the risk management processes of the Group to ensure their adequacy and effectiveness. The total costs incurred for the internal audit function of the Group in year 2011 amounted to RM34,540.

In conclusion, the Committee is sufficiently supported by the internal audit function in the discharge of its duties and responsibilities. Further details on the internal audit function of the Group can be found in the Statement of Internal Control on page 19.

CHAIRMAN'S
STATEMENT

On behalf of the Board of Directors of Sino Hua-An International Berhad, I am pleased to present the Annual Report together with the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2011.

2011 has been a rather challenging year for the Group. Just as economies around the world were emerging from the aftermath of the 2007 (Lehman Brothers-triggered) global financial crisis and gradually nursing itself back to health in those subsequent years, the world was beset yet again with socio-political unrests, economic and financial volatility as well as ecological catastrophes in 2011. The trials and tribulations of 2011 begun with anti-government protests and upheavals in Tunisia and subsequently spread to the other Arab nations like Egypt, Libya, Bahrain, Yemen, Syria, etc. Uncertainty over the Libyan oil output caused crude oil prices to spike about 20% causing an energy crisis in the period of February/March. Then came the devastating 9.1-magnitude earthquake and tsunami that hit the east of Japan which almost crippled the automotive, equipment and electronic manufacturing companies in and around that area as well as across the Japanese border. This places the Japanese economy further in a bind as it is already struggling from decades of prolonged economic stagnation. In July, Thailand was inundated with severe flooding with 58 of the country's 77 provinces affected. The World Bank estimated damages at USD45 billion with many factories forced to shut down and the Thai economy almost came to a standstill.

News of economic unsustainability and European sovereign debt crisis in the Eurozone began to unravel in the public sphere sometime in May with Greece, Ireland and Portugal facing impossibility of refinancing their debts. These quandaries besetting the Eurozone continued to hog the limelight and watched over with bated breath by financial markets and business fraternities worldwide even till today as a comprehensive and complete resolution to the issues at hand could not yet be seen in the horizon. A wave of downgrading of government debts of certain European countries ensued with relatively strong economies in the bloc such as France, Italy and Spain were not spared. Whilst the world was reeling from the pessimism exuding from the Eurozone financial fragility, we had to contend with the US economic slowdown and its persistently high unemployment rate. For the first time in history the US was downgraded by S&P in August, sending the business world into frenzy. Fitch and Moody's, the other international ratings agencies, though less drastic in their approach, had also issued respective warnings of a possible future downgrades of the US' triple-A rating. As the US is still the largest economy in the world and one of the most dominant and major trading blocs, the quagmire it faces causes far reaching negative repercussions.

These episodes of slowdown in the US, Europe and Japan economies, inflationary pressures due to the hike in commodity prices, the debt crisis in Europe and decline in global trade, all of which occurred in 2011, had caused industries and business communities, right up to the man in the street, to adopt a cautious and defensive stance thus putting the supposed recovery path of the global economy from the preceding years into disarray.

In China, the local economy although still robust and resilient throughout 2011, was showing signs of deceleration towards the fourth quarter of 2011. This was seen as a deliberate attempt by the Chinese government to rein in on the runaway inflation and skyrocketing property prices in China. As a result we saw China's economic growth eased to 8.9% in the fourth quarter, the slowest seen in 10 quarters.

Given the consequential negative external factors and what was happening domestically within China itself as described above, it is hardly surprising to see the steel industry and that of metallurgical coke, both industries which are closely related and tending to move in tandem with the general direction of the economy, lose some momentum towards the insipid period at year end. Demand slowed on the back of overcapacity and an oversupply situation in the domestic steel sector. According to China Iron and Steel Association (CISA), the total crude steelmaking capacity in China stood at over 800 million tonnes while the domestic consumption was estimated at approximately 673 million tonnes and net exports accounted for only 28.4 million tonnes in 2011 (from a peak of 48.3 million tonnes in 2007).

Notwithstanding the above, it is worthwhile to appreciate that the steel and metallurgical coke industry is cyclical in nature and thus we would expect to see ups-and-downs over a period of time. In the fourth quarter of 2011, the sector unfortunately happened to be at an unenviable position of the said cycle. The Group's relatively poor showing in its business performance stood in comparison with the general trend of the industry and should not be seen as an isolated case. It is an established fact that the entire sector worldwide was wrought with challenges and industry players are experiencing lackluster performances and falling profits.

FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

Against the landscape of challenging business environment, especially in the fourth quarter of the financial year, the Group turned in a dismal financial result for the financial year ended 31 December 2011 with a loss of RM9.6 million.

Revenue wise, the Group however registered a relatively higher turnover of RM1.526 billion for the financial year ended 31 December 2011. This represents an increase of 8.5% from RM1.407 billion recorded in the preceding financial year. The increase in revenue was primarily due to a higher average price of metallurgical coke of 6.5% as well as the overall net price improvements seen in the by-products compared to those in the preceding year.

Moving in a similar trend with the hike in the average price of metallurgical coke, the average price for coking coal, being the primary raw material for the production of metallurgical coke, had also risen during the financial year ended 31 December 2011. With an increase of about 7.7% in the average price of coking coal, the cost of sales recorded by the Group escalated to RM1.512 billion, representing an increase of 9.5% from RM1.381 billion registered in 2010.

Based on the foregoing, the Group managed to turn in a modest gross profit of RM14.9 million for this financial year ended 31 December 2011. However, with the inclusion of the Group's operating expenses, the Groups profitability fell into negative territory with a loss for the year amounting to RM9.6 million. This translates to a loss per share of 0.86 sen.

As far as the Group's financial position is concerned, it continued to show a relatively robust net assets position for the financial year ended 31 December 2011. The total assets of the Group stood at RM829.3 million. Notwithstanding the loss for the year as registered in this financial year, the Group still managed to show a 3.7% increase in

Shareholders' Funds to RM721.7 million. This can be attributed to the strengthening of the Renminbi against the Ringgit of approximately 6% during the financial year 2011, the translation effect of which was reflected in an increase in the foreign currency translation reserve.

The Group continues to be in a net cash position with no external borrowings. The net assets per share of the Group stood at RM0.64 per share as at 31 December 2011.

INDUSTRY OVERVIEW AND FUTURE OUTLOOK

The metallurgical coke industry is largely dependent on the direction and growth prospects of the steel industry as metallurgical coke is one of the critical raw materials for the manufacturing of steel. Over 70% of global steel production is by way of Blast Furnace and as such necessitates the use of metallurgical coke for the smelting of iron ore.

As far as the steel and metallurgical coke industries are concerned, 2011 is largely regarded as a year filled with headwinds which have stymied its progress from the promising earlier periods. It may appear that the challenges, issues and uncertainties around the world will continue to hover like a dark cloud stifling the growth of the steel and metallurgical coke industries in the near future. However, I hold steadfastly to a positive view that we should not read too much into the immediate earnings setbacks stemming from a temporary adversity in the industry but should instead adopt a longer term perspective. I am inclined to believe that a potential upturn and restoration of the whole steel/metallurgical coke industry may just be lurking in the horizon.

There are numerous evidences that seem to support my optimism. For example, China's manufacturing started to expand this year on increased new orders, suggesting the world second largest economy is withstanding Europe's debt crisis and a government induced property slowdown at home. The Purchasing Managers' Index (PMI) rose to 53.1 in March 2012 (latest available data at the time of writing) from 50.3 in December 2011, according to China's Statistics Bureau and Logistics Federation. A reading of above 50 indicates an expansion. The stronger than expected PMI figures also provides compelling evidence that a hard landing for China's economy is very unlikely. This is seen and a boon to the steel industry and it shares a close correlation to the health and prospects of the economy.

Apart from the above, there is evidence that the aggressive destocking activities by traders over the past months that had created an oversupply situation have come to an end and these traders will have to return to the market soon to replenish their inventories. Monetary easing measures introduced recently by the Chinese policymakers may also provide the impetus for the steel industry in China to recover and flourish once again.

Prices of metallurgical coke and coking coal are expected to stabilise at around RMB1,900-2,000 per tonne and RMB1,300-1,400 per tonne, respectively. Such pricing circumstance is expected to reduce volatility in the raw material prices and production cost of both steel manufacturers and metallurgical coke producers, thus restoring some decent margin to those industry players.

Although there is much talk in recent times about the perceived cooling of China's economy, it should be seen as an effect of a subtle and astute deliberate measure by the Government to realize its broader underlying macro socio-economic objective. Therefore one should not be merely reading the pure economic data in isolation but rather to rationalise and supplement it with other important relevant microeconomic and governmental policy considerations. The Chinese Government is now trying to restructure the country's economy to drive growth from within and reduce reliance on exports. While China's 8.9% fourth quarter economic growth, the slowest in ten quarters, has stirred unnecessary fears, it has been welcomed by increasing number of analysts in China for heralding an important shift in how the country grows its economy. The relatively slower growth reflects the beginning of a difficult rebalancing that the economy needs, i.e. to move growth away from the export-dependent, GDP-focused approach that has defined China's rise over the past two decades. The Chinese Government has set the annual growth target for the next five-year plan (2011-15) at 7% (which is still an enviable robust rate), down from the 11.2% average in the previous five-year period. Also behind the slowing growth was a cooling housing market, which finally appeared to yield to a series of curbs put in place over the past year as spiraling housing prices sparked both fears of a bubble and public anger. Real estate investment, which has been a key driver of growth, fell in the recent months, as did housing prices in 55 out of 70 cities. This follows the introduction of new property taxes and curbs on buying second homes. Such a move by the Government has achieved its objective of hindering speculation in the property market.

China's economy grew 9.2% in 2011, down from 10.3% in 2010. An even lower 8.5% is forecasted for 2012, a key year for China as it embarks on a once-in-a-decade leadership transition. Notwithstanding the perceived downward setting of the growth target rate, the Government is committed to maintain adequate economic activity to keep the country's economy humming, an important prerequisite for job creation and social stability.

In its efforts to rebalance the economy to be fueled primarily by domestic consumption and to cushion weaknesses in external demand, the Chinese Government continues to promote public and private sector fixed-assets investments starting with the gradual easing of monetary policies. Public infrastructures, amenities and affordable housing projects continue to be high on the priority list to further increase the urbanization rate in China. These ongoing initiatives will inherently create sustainable demand for steel (and thus metallurgical coke) in the domestic market over a prolonged period of time.

Based on China steel industry's five-year plan unveiled in November 2011, the Raw Material Department of Ministry of Industry and Information Technology (MIIT) projected that China's annual steel consumption will increase from 683 million tonnes in 2011 to 750 million tonnes in 2015 with the peak of between 770 million - 820 million tonnes during the period 2015-2020. It is therefore evident that the China economy still has the capacity to grow unabatedly and create voracious appetite from within to devour such huge quantity of steel. This is further supported by the compelling fact that China's steel consumption per capita is still very low if compared with other developing and developed nations. China's steel consumption per capita currently stands at around 125kgs whilst the Korean and Taiwanese per capita steel consumption hovers around the 800kgs mark, Japan at 600kgs, Europe at 470kgs and US at 360kgs. It is for this very reason that the Australian resource giants, namely BHP Billiton, Rio Tinto and Fortesque Metals, are still aggressively expanding their iron-ore production capacity based on their view that growth in China will remain strong over the long term.

A NOTE OF APPRECIATION

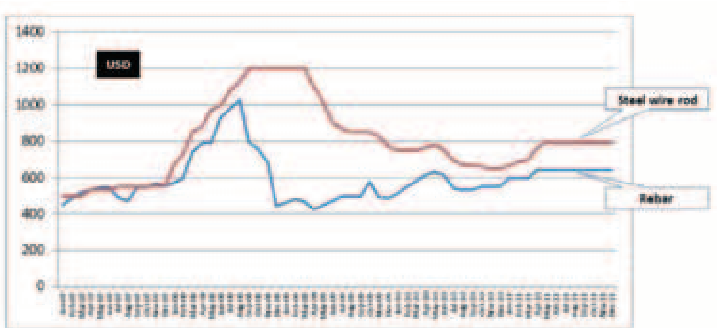
Based on the foregoing and barring any unforeseen turn of events, the Board is looking forward to a more sustained and robust business environment in the metallurgical coke industry for the ensuing financial years. With the support from my fellow Board members and management team, we are optimistic that the Group will be able to continuously create value for our shareholders.

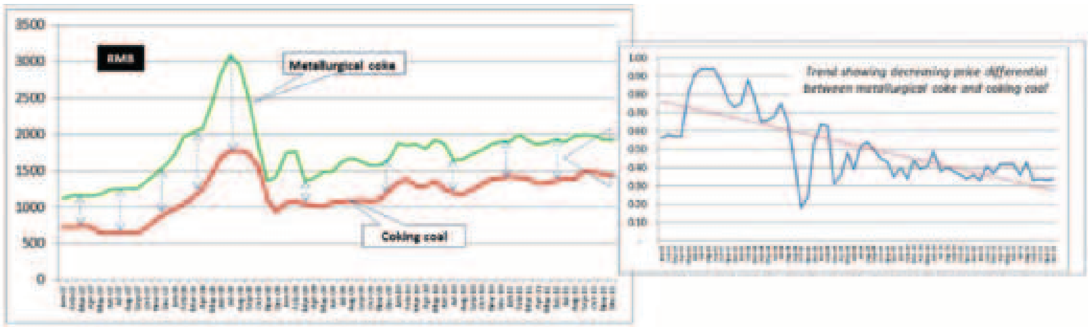
Towards this end, on behalf of the Board of Directors, I would like to record my gratitude to our loyal customers, suppliers, business partners and shareholders for their continuous support and confidence in the Group.

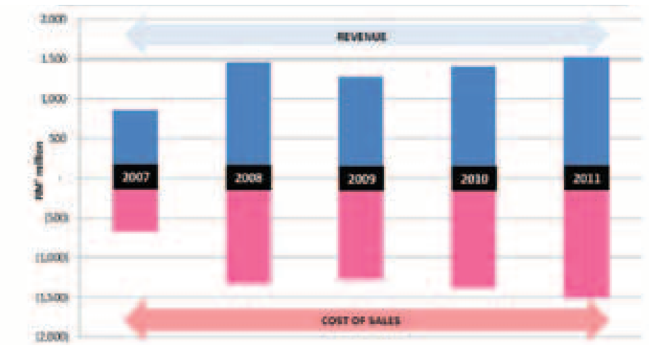
A special note of appreciation goes to the management team and employees of the Group for their relentless commitment, dedication, hard work and unwavering loyalty in ensuring the Group's continued success.

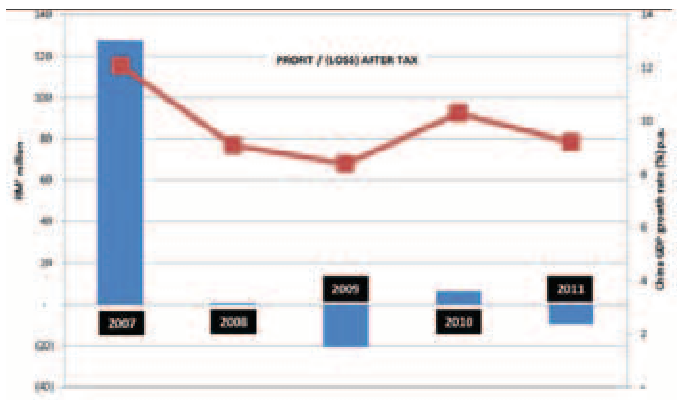
Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR
(DK, DKYR, SPNS, SPMP, PPT)
Executive Chairman

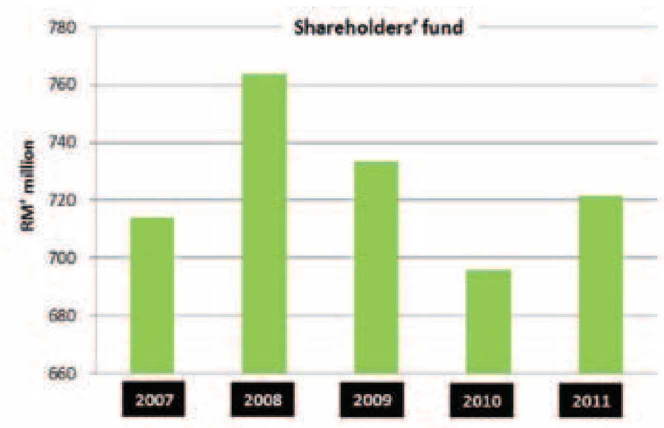
HISTORICAL
FINANCIAL RESULTS

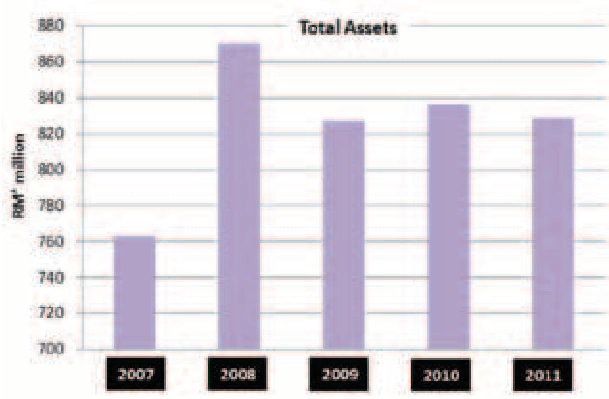












Financial Statements

SINO HUA-AN INTERNATIONAL BERHAD

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net (loss)/profit for the financial year	(9,614)	3,968
Attributable to:		
Equity holders of the Company	(9,614)	3,968

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Group and of the Company for the current financial year.

DIVIDENDS

During the financial year, a tax exempt final dividend of 0.178% on 1,122,307,817 ordinary shares of RM0.50 each, amounting to a total dividend of RM1,997,732.20 in respect of the previous financial year was paid on 20 June 2011.

The Board of Directors does not recommend any dividend to be paid for the financial year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year under review other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no issues of shares or debentures during the financial year under review.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

DIRECTORS

The Directors who served since the date of the last report are as follows:

Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
Liu Guodong
Zhu Qinghua
Cedric Choo Sia Teik
Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid
Lim See Tow
Fu Qiang

DIRECTORS' INTERESTS

Details of holdings and deemed interests in the share capital of the Company or its related corporations by the Directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2011	**Acquired**	**Disposed**	**At 31.12.2011**
Sino Hua-An International Berhad				
Direct interest				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	12,073,700	–	–	12,073,700
Liu Guodong	178,000,057	–	–	178,000,057
Indirect interest				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (1)	304,492,259	–	–	304,492,259
Zhu Qinghua (2)	102,000,038	–	–	102,000,038

(1) Deemed interested by virtue of his interest in Rock Point Alliance Sdn. Bhd., Syarikat Pesaka Antah Sdn. Bhd. and Syarikat Pesaka Radin Sdn. Bhd. and deemed interested by virtue of his family relationship with the relevant persons.

(2) Deemed interested by virtue of his direct interest of over 15% equity in Rise Business Inc., a company incorporated in the British Virgin Islands.

By virtue of their interests in the shares of the Company, Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar, Liu Guodong and Zhu Qinghua are deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year under review.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Group and of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of the transaction with a related party as disclosed in Note 23 to the financial statements.

Neither during nor at the end of the financial year, was the Company or its subsidiary companies a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Group and of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;

   (iii) any amount stated in the financial statements of the Group and of the Company misleading; and

   (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) No contingent or other liabilities have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.

(d) At the date of this report, there does not exist:

   (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person; and

   (ii) any contingent liability in respect of the Company or its subsidiary companies which has arisen since the end of the financial year.

AUDITORS

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR

LIU GUODONG

KUALA LUMPUR
28 MARCH 2012

STATEMENT
BY DIRECTORS
pursuant to Section 169 (15) of the Companies Act, 1965

We, **Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR** and **LIU GUODONG**, being two of the Directors of **SINO HUA-AN INTERNATIONAL BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 43 to 83 are drawn up in accordance with the Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results of their operations and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors.

Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR	**LIU GUODONG**

KUALA LUMPUR
28 MARCH 2012

STATUTORY
DECLARATION
pursuant to Section 169 (16) of the Companies Act, 1965

I, **FOONG CHONG THONG**, being the officer primarily responsible for the financial management of **SINO HUA-AN INTERNATIONAL BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 43 to 83 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed **FOONG CHONG THONG** at)
KUALA LUMPUR in the Federal Territory)
this 28 MARCH 2012)

FOONG CHONG THONG

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT
AUDITORS' REPORT
to the members of Sino Hua-An International Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sino Hua-An International Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 83.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Financial Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report on the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the independent auditors' reports of all the subsidiary companies which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and have received satisfactory information and explanations as required by us for those purposes.

(d) The independent auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

OTHER MATTERS

This report is solely made to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume any responsibility to any other person for the content of this report.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 31 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

CHEW KOK BIN
Approved Number: 1294/06/12 (J)
Partner of Firm

KUALA LUMPUR
28 MARCH 2012

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-Current Assets					
Property, plant and equipment	3	410,707	421,132	62	79
Prepaid lease payments	4	29,734	28,748	–	–
Investment in subsidiary companies	5	–	–	904,908	904,908
Goodwill on consolidation	6	107,599	107,436	–	–
		548,040	557,316	904,970	904,987
Current Assets					
Inventories	7	103,257	132,127	–	–
Trade receivables	8	70,287	13,125	–	–
Other receivables	9	52,558	44,441	64	60
Tax recoverable		13,264	14,916	–	–
Amount owing by related parties	10	18,843	52,325	–	–
Amount owing by subsidiary company	11	–	–	220,211	215,982
Deposits with licensed banks	12	287	602	287	602
Cash and bank balances		22,729	21,672	8	16
		281,225	279,208	220,570	216,660
Current Liabilities					
Trade payables	13	93,198	115,199	–	–
Other payables	14	14,261	23,518	100	119
Amount owing to related parties	10	186	1,799	–	–
Amount owing to subsidiary company	11	–	–	4,358	2,416
		107,645	140,516	4,458	2,535
Net current assets		173,580	138,692	216,112	214,125
		721,620	696,008	1,121,082	1,119,112
Financed By:					
Share capital	15	561,154	561,154	561,154	561,154
Reserves	16	(130,341)	(167,565)	553,891	553,891
Retained profits		290,807	302,419	6,037	4,067
Total equity		721,620	696,008	1,121,082	1,119,112

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
COMPREHENSIVE INCOME
for the financial year ended 31 December 2011

		Group		Company	
		2011	**2010**	**2011**	**2010**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	17	1,526,564	1,406,754	–	23,827
Cost of sales		(1,511,713)	(1,380,605)	–	–
Gross profit		14,851	26,149	–	23,827
Other operating income		563	895	5,867	11
Administration expenses		(24,267)	(19,282)	(1,745)	(24,650)
Other operating expenses		(761)	(1,356)	(154)	(117)
(Loss)/Profit before taxation	18	(9,614)	6,406	3,968	(929)
Taxation	19	–	–	–	–
Net (loss)/profit for the financial year		(9,614)	6,406	3,968	(929)
Other comprehensive income/(loss):					
- Exchange differences arising from translation of foreign operations		37,224	(43,927)	–	–
Total comprehensive income/(loss) for the financial year		27,610	(37,521)	3,968	(929)

Net (loss)/profit for the financial year attributable to:			
Equity holders of the Company		(9,614)	6,406
Total comprehensive income/(loss) for the financial year attributable to:			
Equity holders of the Company		27,610	(37,521)
(Loss)/Earnings per share attributable to equity holders of the Company (sen):			
Basic and diluted	20	(0.857)	0.571

The accompanying notes form an integral part of the financial statements.

		Attributable to Equity Holders of the Company						
		<------------------- Non-Distributable			------------------->		Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Reverse Acquisition Reserve RM'000	Foreign Currency Translation Reserve RM'000	Statutory Common Reserve Fund RM'000	Retained Profits RM'000	Total Equity RM'000
Group								
At 1 January 2010		561,154	553,891	(799,823)	72,936	49,358	296,013	733,529
Net profit for the financial year		–	–	–	–	–	6,406	6,406
Other comprehensive loss		–	–	–	(43,927)	–	–	(43,927)
Total comprehensive loss for the financial year		–	–	–	(43,927)	–	6,406	(37,521)
At 31 December 2010		561,154	553,891	(799,823)	29,009	49,358	302,419	696,008
At 1 January 2011		561,154	553,891	(799,823)	29,009	49,358	302,419	696,008
Net loss for the financial year		–	–	–	–	–	(9,614)	(9,614)
Other comprehensive income		–	–	–	37,224	–	–	37,224
Total comprehensive income for the financial year		–	–	–	37,224	–	(9,614)	27,610
Dividend	21	–	–	–	–	–	(1,998)	(1,998)
At 31 December 2011		561,154	553,891	(799,823)	66,233	49,358	290,807	721,620

The accompanying notes form an integral part of the financial statements.

	Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
Company					
At 1 January 2010		561,154	553,891	4,996	1,120,041
Net loss for the financial year		–	–	(929)	(929)
Other comprehensive loss		–	–	–	–
Total comprehensive loss for the financial year		–	–	(929)	(929)
At 31 December 2010		561,154	553,891	4,067	1,119,112
At 1 January 2011		561,154	553,891	4,067	1,119,112
Net profit for the financial year		–	–	3,968	3,968
Other comprehensive loss		–	–	–	–
Total comprehensive income for the financial year		–	–	3,968	3,968
Dividend	21	–	–	(1,998)	(1,998)
At 31 December 2011		561,154	553,891	6,037	1,121,082

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF
CASH FLOWS
for the financial year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash Flows From Operating Activities				
(Loss)/Profit before taxation	(9,614)	6,406	3,968	(929)
Adjustments for:				
Depreciation of property, plant and equipment	37,387	36,367	30	29
Amortisation of prepaid lease payments	823	834	–	–
Property, plant and equipment written off	108	494	–	–
Allowance for impairment	123	53	–	–
Unrealised exchange (gain)/loss	–	–	(5,853)	22,845
Interest income	(161)	(172)	(14)	(11)
Dividend income	–	–	–	(23,827)
Operating profit/(loss) before working capital changes	28,666	43,982	(1,869)	(1,893)
(Increase)/Decrease in working capital				
Inventories	32,803	(62,738)	–	–
Trade receivables	(56,894)	3,279	–	–
Other receivables	(6,796)	(10,475)	(4)	–
Amount owing by/to related parties	33,373	(21,611)	–	–
Amount owing by/to subsidiary companies	–	–	3,566	2,061
Trade payables	(25,430)	50,320	–	–
Other payables	(3,598)	11,775	(19)	(4)
Foreign exchange reserve	6,065	3,030	–	–
	(20,477)	(26,420)	3,543	2,057
Cash generated from operations	8,189	17,562	1,674	164
Tax paid	(4,260)	(2,670)	–	–
Net cash from operating activities	3,929	14,892	1,674	164
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(1,995)	(14,746)	(13)	–
Interest received	161	172	14	11
Net cash (used in)/from investing activities	(1,834)	(14,574)	1	11

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash Flows From Financing Activity				
Dividend paid	(1,998)	–	(1,998)	–
Net cash used in financing activity	(1,998)	–	(1,998)	–
Net increase/(decrease) in cash and cash equivalents	97	318	(323)	175
Effects of foreign exchange rate changes	645	(2,486)	–	–
Cash and cash equivalents at beginning of the financial year	22,274	24,442	618	443
Cash and cash equivalents at end of the financial year	23,016	22,274	295	618
Cash and cash equivalents at end of the financial year comprises:				
Deposits with licensed banks	287	602	287	602
Cash and bank balances	22,729	21,672	8	16
	23,016	22,274	295	618

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.

The financial statements of the Group and of the Company for the financial year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Board of Directors dated 28 March 2012.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless otherwise indicated in the accounting policies below and in compliance with the provisions of the Companies Act, 1965 and the Financial Reporting Standards in Malaysia.

During the financial year, the Group and the Company have adopted the following applicable amendments to Financial Reporting Standards (“FRSs”) and revised FRSs issued by the Malaysian Accounting Standards Board (“MASB”) which are mandatory and effective for financial periods as stated below:

		Effective date for financial periods beginning on or after
Amendments to FRS 132	Financial Instruments: Presentation - paragraphs 11,16 and 97E	1 March 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2010)”		1 January 2011

The Directors of the Group and of the Company anticipate that the application of the above amendments to FRSs and revised FRSs do not have any significant impact on the financial statements of the Group and of the Company except as disclosed in Note 28 to the financial statements.

On 19 November 2011, MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and IC interpretation 15, Agreement for Construction of Real Estate, including its parent, significant investor and venture (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS framework for an additional one year. The Group and the Company do not qualify as Transitioning Entities and therefore, the adoption of MFRS framework will be mandatory for annual financial period beginning on or after 1 January 2012.

The Directors of the Group and of the Company anticipate that the application of the following FRSs and Malaysian Financial Reporting Standards ("MFRSs") which are mandatory and will be effective for financial periods as stated below will have no material impact on the financial statements of the Group and of the Company, except as disclosed in Note 29 to the financial statements:

		Effective date for financial periods beginning on or after
FRSs		
Amendments to FRS 9 (IFRS 9 issued by IASB in November 2009), FRS 9 (IFRS 9 issued by IASB in October 2010) and FRS 7: Mandatory Effective Date of FRS 9 and Transition Disclosures		Effective immediately
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement		1 July 2011
FRS 124	Related Party Disclosures (revised)	1 July 2012
Amendment to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendment to FRS 7	Disclosures - Transfers of Financial Assets	1 January 2012
Amendment to FRS 112	Deferred tax: Recovery of Underlying Assets	1 January 2012
Amendment to FRS 101	Presentation of items of Other Comprehensive Income	1 July 2012
FRS 9	Financial Instruments *(IFRS 9 issued by IASB in November 2009)* Financial Instruments *(IFRS 9 issued by IASB in October 2010)*	1 January 2013
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits *(as amended in November 2011)*	1 January 2013
FRS 127	Consolidated and Separate Financial Statements *(as amended in November 2011)*	1 January 2013
FRS 128	Investments in Associates *(as amended in November 2011)*	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

		Effective date for financial periods beginning on or after
MFRSs		
Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures		Effective immediately
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
MFRS 2	Share-based Payment	1 January 2012
MFRS 3	Business Combinations	1 January 2012
MFRS 4	Insurance Contracts	1 January 2012
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2012
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2012
MFRS 7	Financial Instruments: Disclosures	1 January 2012
MFRS 8	Operating Segments	1 January 2012
MFRS 101	Presentation of Financial Statements	1 January 2012
MFRS 102	Inventories	1 January 2012
MFRS 107	Statement of Cash Flows	1 January 2012
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
MFRS 110	Events After the Reporting Period	1 January 2012
MFRS 111	Construction Contracts	1 January 2012
MFRS 112	Income Taxes	1 January 2012
MFRS 116	Property, Plant and Equipment	1 January 2012
MFRS 117	Leases	1 January 2012
MFRS 118	Revenue	1 January 2012
MFRS 119	Employee Benefits	1 January 2012
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2012
MFRS 123	Borrowing Costs	1 January 2012
MFRS 124	Related Party Disclosures	1 January 2012
MFRS 126	Accounting and Reporting by Retirement Benefit Plans	1 January 2012
MFRS 127	Consolidated and Separate Financial Statements	1 January 2012
MFRS 128	Investments in Associates	1 January 2012
MFRS 129	Financial Reporting in Hyperinflationary Economies	1 January 2012
MFRS 131	Interests in Joint Ventures	1 January 2012
MFRS 132	Financial Instruments: Presentation	1 January 2012
MFRS 133	Earnings Per Share	1 January 2012
MFRS 134	Interim Financial Reporting	1 January 2012
MFRS 136	Impairment of Assets	1 January 2012

		Effective date for financial periods beginning on or after
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
MFRS 138	Intangible Assets	1 January 2012
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2012
MFRS 140	Investment Property	1 January 2012
MFRS 141	Agriculture	1 January 2012
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2012
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 January 2012
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1 January 2012
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2012
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 January 2012
IC Interpretation 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2012
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2012
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2012
IC Interpretation 12	Service Concession Arrangements	1 January 2012
IC Interpretation 13	Customer Loyalty Programmes	1 January 2012
IC Interpretation 14	MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 January 2012
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 January 2012
IC Interpretation 18	Transfers of Assets from Customers	1 January 2012
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2012
IC Interpretation 107	Introduction of the Euro	1 January 2012
IC Interpretation 110	Government Assistance - No Specific Relation to Operating Activities	1 January 2012
IC Interpretation 112	Consolidation - Special Purpose Entities	1 January 2012
IC Interpretation 113	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	1 January 2012
IC Interpretation 115	Operating Leases - Incentives	1 January 2012
IC Interpretation 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	1 January 2012

		Effective date for financial periods beginning on or after
IC Interpretation 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2012
IC Interpretation 129	Service Concession Arrangements: Disclosures	1 January 2012
IC Interpretation 131	Revenue - Barter Transactions Involving Advertising Services	1 January 2012
IC Interpretation 132	Intangible Assets - Web Site Costs	1 January 2012
Amendments to MFRS 101	Presentation of items of Other Comprehensive Income	1 July 2012
MFRS 9	Financial Instruments *(IFRS 9 issued by IASB in November 2009)* Financial Instruments *(IFRS 9 issued by IASB in October 2010)*	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements *(IAS 27 as amended by IASB in June 2011)*	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures *(IAS 28 as amended by IASB in June 2011)*	1 January 2013
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM'000), which is the Company's functional currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group and of the Company are depreciated on a straight-line basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment as disclosed in Note 2(f)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could have impact on the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and of the Company's property, plant and equipment at 31 December 2011 are disclosed in Note 3 to the financial statements.

(ii) Amortisation of prepaid lease payments

The costs of prepaid lease payments of the Group is amortised on a straight-line basis over the useful lives of the assets. These are common life expectancies applied in the industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amounts of the Group's prepaid lease payments at 31 December 2011 are disclosed in Note 4 to the financial statements.

(iii) Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy disclosed in Note 2(h). This requires an estimation of the value in use of the cash-generating unit ("CGU") to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's goodwill on consolidation at 31 December 2011 are disclosed in Note 6 to the financial statements.

(iv) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have impact on the income tax and deferred tax provisions in the period in which such determination is made.

(v) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. Objective evidence of impairment is determined based on the evaluation of collectability and aged analysis of accounts. A considerable amount of judgement is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness and the past collection history of each loan and receivable. If the financial conditions of loans and receivables with which the Group deals were to deteriorate, resulting in an impairment of the ability to make payments, additional impairment may be required.

(d) Reverse acquisition

The Company completed the acquisition of the entire equity interest in PIPO and its subsidiary ("PIPO Group") via the issuance of 800,000,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share on 26 March 2007.

Upon completion of the acquisition of PIPO, the Company became the legal holding company of PIPO. Due to the relative values of PIPO and the Company, the former shareholders of PIPO became the majority shareholders through the issuance of 800,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share in the Company, controlling about 88% of the issued and paid-up share capital of the Company. Further, the Company's continuing operations and key executive management are those of PIPO. Accordingly, the substance of the business combination is that PIPO acquired the Company in a reverse acquisition.

FRS 3 requires that the consolidated financial statements are issued under the name of the legal holding company, though they are a continuation of the financial statements of the legal subsidiary. In order to comply with FRS 3, the following have been reflected in the consolidated financial statements:

(i) the assets and liabilities of the Company and PIPO Group have been recognised at their book values immediately prior to the reverse acquisition;

(ii) the pre-acquisition retained earnings recognised in the consolidated financial statements are those of PIPO Group;

(iii) the amount recognised as issued equity instruments in the consolidated financial statements is the sum of:

- the issued and paid-up share capital of PIPO immediately before the reverse acquisition; and
- the cost of achieving the combination;

(iv) the equity structure appearing in these consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the Company.

(e) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Investments in subsidiary companies are stated at cost less impairment losses. The policy of the recognition and measurement of impairment losses is in accordance with Note 2(i).

(i) Subsidiary companies

Subsidiary companies are those companies in which the Group has long term equity interest and has the power, directly or indirectly, to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed attributable to the acquirer in a business combination are measured initially at their fair values on the date of acquisition.

Acquisition related costs incurred are expensed and included in the administration expenses. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate. The accounting policy on goodwill on acquisition of subsidiary companies is set out in Note 2(h). Reserve on consolidation is recognised immediately in profit or loss attributable to the parent.

Subsidiary companies are consolidated from the date on which control is transferred to the Group to the date on which that control ceases.

If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognised in profit or loss.

Any contingent consideration to be transferred by the Group will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS139, it is measured in accordance with the appropriate FRS.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements.

(iii) Changes in Group composition

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained as an associate, joint venture or financial asset;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(f) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(i).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of property, plant and equipment. Construction work-in-progress is not depreciated until they have been completed and ready for commercial operation.

The estimated useful lives for the current and comparative periods are as follows:

Building	20 years
Plant and machinery	10 years
Office furniture and equipment	5 years
Motor vehicles	5 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at each financial year end.

Upon disposal of an asset, the difference between the net disposal proceeds and the carrying amount of the assets is charged or credited to the statement of comprehensive income. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

(g) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and its risk and rewards incidental to ownership is not transferred to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that is amortised over the lease term except for leasehold land classified as investment property. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification.

(h) Goodwill arising on consolidation

Goodwill or reserve arising on consolidation represents the difference between the cost of the acquisition over the fair value of the net identifiable assets of subsidiary companies acquired at the date of acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequently when there is objective evidence that the carrying value may be impaired, in accordance with Note 2(i).

Goodwill is allocated to CGU for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU that are expected to benefit from the business combination in which the goodwill arose. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount is estimated at each reporting date or more frequently when indications of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the statement of comprehensive income in the period in which it arises. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the unit (groups of units) and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(j) Inventories

Inventories comprising raw material, work-in-progress and finished goods are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost is determined using weighted average method. The cost of raw materials comprises the original cost of purchase plus the cost of bringing the stocks to its present location and condition. The cost of work-in-progress and finished goods comprise cost of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(l) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) Foreign currencies

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

(ii) Foreign operations

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiary companies are treated as assets and liabilities and translated at the rates of exchange ruling at the transaction dates.

(n) Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are designated or held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statements of comprehensive income. After initial recognition, financial assets at fair value through profit or loss are subsequently measured at fair value.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables in the statements of financial position consist of trade and other receivables, fixed deposits, amount owing by related parties and inter-company loans and advances. These are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has positive intention and ability to hold to maturity.

Subsequent to initial recognition, held-to maturity investments are carried at amortised cost using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are initially recognised at fair value plus transaction costs that are directly attributable to their acquisitions. Investment in equity instruments whose fair value cannot be reliably measured are valued at cost less impairment loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains and losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in statements of comprehensive income.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statements of comprehensive income.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statements of comprehensive income in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statements of comprehensive income as part of other operating income when the Group's right to receive payments is established.

(o) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statements of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in statements of comprehensive income.

(p) Financial liabilities

Short-term borrowings, trade and other payables are classified as financial liabilities in the statements of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Group designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:

(i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;

(ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or

(iii) the financial liability constains an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(q) Revenue recognition

(i) Sale of goods

Revenue from sales of goods is recognised when significant risk and rewards have been transferred to the buyer, net of discounts, if any.

(ii) Interest income

Interest income is recognised using effective interest method.

(iii) Dividend income

Dividend income is recognised when the shareholder’s right to receive payment is established.

(r) Income taxes

Income tax on the profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the statements of financial position and its tax base at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(s) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. The Group contributes to the statutory pension schemes as defined by the laws of the countries in which it has operations.

(t) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(u) Segment reporting

For management purposes, the Group is organised into operating segment based on their business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Building RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2011	301,963	261,876	830	3,027	576	568,272
Additions	240	1,562	19	–	174	1,995
Reclassification	787	–	–	–	(787)	–
Written off	–	(288)	(9)	(115)	-	(412)
Exchange differences	19,497	16,909	44	195	37	36,682
At 31 December 2011	322,487	280,059	884	3,107	–	606,537
Accumulated depreciation						
At 1 January 2011	57,615	86,489	463	2,573	–	147,140
Charge for the financial year	14,052	23,190	103	42	–	37,387
Written off	–	(193)	(9)	(102)		(304)
Exchange differences	4,516	6,895	29	167	–	11,607
At 31 December 2011	76,183	116,381	586	2,680	–	195,830
Carrying amount						
At 31 December 2011	246,304	163,678	298	427	–	410,707
Cost						
At 1 January 2010	304,300	253,452	921	3,241	33,923	595,837
Additions	253	1,178	12	12	13,291	14,746
Reclassification	19,046	25,230	–	–	(44,276)	–
Written off	(453)	(341)	(50)	–	–	(844)
Exchange differences	(21,183)	(17,643)	(53)	(226)	(2,362)	(41,467)
At 31 December 2010	301,963	261,876	830	3,027	576	568,272
Accumulated depreciation						
At 1 January 2010	47,303	69,797	434	2,721	–	120,255
Charge for the financial year	14,023	22,196	106	42	–	36,367
Written off	(124)	(180)	(46)	–	–	(350)
Exchange differences	(3,587)	(5,324)	(31)	(190)	–	(9,132)
At 31 December 2010	57,615	86,489	463	2,573	–	147,140
Carrying amount						
At 31 December 2010	244,348	175,387	367	454	576	421,132

Company	Office furniture and equipment RM'000
Cost	
At 1 January 2011	147
Addition	13
At 31 December 2011	160
Accumulated depreciation	
At 1 January 2011	68
Charge for the financial year	30
At 31 December 2011	98
Carrying amount	
At 31 December 2011	62
Cost	
At 1 January 2010/31 December 2010	147
Accumulated depreciation	
At 1 January 2010	39
Charge for the financial year	29
At 31 December 2010	68
Carrying amount	
At 31 December 2010	79

4. PREPAID LEASE PAYMENTS

	Group	
	2011 RM'000	2010 RM'000
Cost		
At 1 January	32,321	34,740
Exchange differences	2,087	(2,419)
At 31 December	34,408	32,321
Accumulated amortisation		
At 1 January	(3,573)	(2,963)
Amortisation for the financial year	(823)	(834)
Exchange differences	(278)	224
At 31 December	(4,674)	(3,573)
Carrying amount	29,734	28,748

Leasehold land of the Group represents two land use rights granted by the government of the People's Republic of China ("PRC") to a subsidiary for industrial usage. One of the land use rights is for a term of 29 years commencing from 4 December 2005 to 4 December 2034 and another for a term of 50 years commencing from 12 February 2007 to 12 February 2057 respectively.

5. INVESTMENT IN SUBSIDIARY COMPANIES

(a) Investment in subsidiary companies

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost		
In Malaysia	*	*
Outside Malaysia	904,908	904,908
	904,908	904,908

* Represents RM2

(b) The subsidiary companies and shareholdings therein are as follows:

Name of company	Country of incorporation	Effective interest 2011 %	Effective interest 2010 %	Principal activities
Fancy Celebrations Sdn. Bhd.	Malaysia	100	100	Dormant
PIPO Overseas Limited#	British Virgin Islands	100	100	Investment holding
Subsidiary company of PIPO Overseas Limited :				
Linyi Yehua Coking Co, Ltd#	People's Republic of China	100	100	Manufacturing and sales of metallurgical coke and other related by-products

Subsidiary companies audited by another member firm of Morison International.

6. GOODWILL ON CONSOLIDATION

	Group 2011 RM'000	Group 2010 RM'000
Cost		
At 1 January	107,436	107,625
Exchange differences	163	(189)
At 31 December	107,599	107,436

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to the CGU that is expected to benefit from that business combination. The Group has only one business segment which is the manufacturing and sales of metallurgical coke and other related by-products.

(b) Key assumptions used to determine recoverable amount

The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by the Directors covering a five-year period. A pre-tax discount rate of 9% per annum was applied to the cash flow projections.

The key assumptions for the value in use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in market.

7. INVENTORIES

	Group 2011 RM'000	Group 2010 RM'000
Raw materials	90,993	114,446
Work-in-progress	3,559	3,186
Finished goods	8,705	14,495
	103,257	132,127

8. TRADE RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000
Trade receivables	70,688	13,379
Allowance for impairment	(401)	(254)
	70,287	13,125

The normal credit period granted by the Group to the trade customers ranges from 30 to 90 days (2010: 30 to 90 days). The currency exposure profile of trade receivables is Chinese Renminbi.

The ageing analysis is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Neither past due nor impaired	56,393	12,542
1 to 30 days past due but not impaired	–	139
Individually impaired	14,295	698
	70,688	13,379

Movements in allowance for impairment during the financial year are as follows:

	Group 2011 RM'000	Group 2010 RM'000
At beginning of the financial year	254	217
Allowance made during the financial year	123	53
Exchange differences	24	(16)
At end of the financial year	401	254

Trade receivable that are individually determined to be impaired at the reporting date relate to a debtor with significant delay in repayment.

9. OTHER RECEIVABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other receivables	11,518	19,942	–	–
Bill receivables	5,485	4,787	–	–
Trade deposits	35,485	19,646	–	–
Deposits	52	49	46	43
Prepayment	18	17	18	17
	52,558	44,441	64	60

Trade deposits represent deposits paid to suppliers for raw material purchased at the reporting date.

10. AMOUNT OWING BY/TO RELATED PARTIES

(a) Amount owing by related parties

This represents trade transactions with the normal credit period granted by the Group to the trade customers. The said amount is denominated in Chinese Renminbi.

(b) Amount owing to related parties

This represents trade transactions with the normal credit period granted to the Group from the trade purchasers. The said amount is denominated in Chinese Renminbi.

11. AMOUNT OWING BY/TO SUBSIDIARY COMPANY

These represent unsecured interest free advances and are repayable on demand.

12. DEPOSITS WITH LICENSED BANKS

Interest rates on deposits with licensed banks range from 2.23% to 3.37% (2010: 1.52% to 3.14%) per annum and have average maturity period of 1 to 7 days (2010: 1 to 7 days).

13. TRADE PAYABLES

The normal credit period granted to the Group from the trade purchasers ranges from 30 to 90 days (2010: 30 to 90 days). The currency exposure profile of trade payables is Chinese Renminbi.

14. OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables	1,080	4,957	29	29
Accruals	3,724	3,583	71	90
Deposits	9,457	14,978	–	–
	14,261	23,518	100	119

15. SHARE CAPITAL

	Group/Company			
	2011	2010	2011	2010
	Number of Ordinary Shares '000		RM'000	RM'000
Ordinary shares of RM0.50 each:				
Authorised	2,000,000	2,000,000	1,000,000	1,000,000
Issued and fully paid	1,122,308	1,122,308	561,154	561,154

16. RESERVES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable				
Share premium	553,891	553,891	553,891	553,891
Reverse acquisition reserve	(799,823)	(799,823)	–	–
Foreign currency translation reserve	66,233	29,009	–	–
Statutory common reserve fund	49,358	49,358	–	–
	(130,341)	(167,565)	553,891	553,891

(a) Reverse acquisition reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by PIPO during the financial year ended 31 December 2007.

(b) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Statutory common reserve

In accordance with the relevant PRC regulations and the subsidiary company's Articles of Association, the subsidiary company in PRC is required to allocate its profit after tax to the statutory common reserve fund.

The subsidiary company in PRC is required each year to transfer 10% of the profit after tax as reported under PRC statutory financial statements to the statutory common reserve funds until the balance reaches 50% of the registered share capital of the said subsidiary company. This reserve can be used to make up any loss incurred or to increase share capital. Except for the reduction of losses incurred, any other application should not result in this reserve balance falling below 25% of the registered capital.

17. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales of goods				
- Metallurgical coke	1,289,526	1,180,721	–	–
- By-products	237,038	226,033	–	–
	1,526,564	1,406,754	–	–
Dividend income from subsidiary company	–	–	–	23,827
	1,526,564	1,406,754	–	23,827

18. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is derived after charging/(crediting):

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amortisation of prepaid lease payments	823	834	–	–
Auditors' remuneration				
- statutory	357	346	54	50
- others	5	5	5	5
Allowance for impairment	123	53	–	–
Depreciation of property, plant and equipment	37,387	36,367	30	29
Directors of the Company				
- fees	94	83	60	83
- salaries and other emoluments	1,122	1,139	649	660
- Employee Provident Fund	76	76	76	76
Directors of the subsidiary company				
- salaries	224	227	–	–
Rental of premises	144	142	144	142
Rental of office equipment	6	7	6	7
Property, plant and equipment written off	108	494	–	–
Unrealised exchange (gain)/loss	–	–	(5,853)	22,845
Interest income	(161)	(172)	(14)	(11)

19. TAXATION

Domestic current income tax is calculated at the Malaysia statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
(Loss)/Profit before taxation	(9,614)	6,406	3,968	(929)
Taxation at Malaysia statutory tax rate of 25% (2010: 25%)	(2,404)	1,601	992	(232)
Expenses not deductible for tax purposes	476	481	475	6,191
Income not subject to tax	(4)	(3)	(1,467)	(5,959)
Reversal of deferred tax assets not recognised	–	(2,079)	–	–
Deferred tax assets not recognised	1,932	–	–	–
Tax expense for the financial year	–	–	–	–

20. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The (loss)/earnings per share has been calculated based on the consolidated (loss)/profit for the financial year attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2011	**2010**
Net (loss)/profit for the financial year attributable to the equity holders of the Company (RM'000)	(9,614)	6,406
Weighted average number of shares in issue ('000)	1,122,308	1,122,308
Basic (loss)/earnings per share (sen)	(0.857)	0.571

(b) Diluted (loss)/earnings per share

There is no diluted (loss)/earnings per share as the Company does not have any dilutive potential ordinary shares during the financial year.

21. DIVIDEND

	Group/Company 2011 RM'000	2010 RM'000
Tax exempt final dividend of 0.178% on 1,122,307,817 ordinary shares of RM0.50 each in respect of financial year ended 31 December 2010	1,998	–

22. STAFF COSTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Staff costs (excluding Directors)	27,967	25,076	404	399

Included in the total staff costs above are contributions made to the approved provident funds under a defined contribution plan for the Group and for the Company amounting to RM3,738,048 and RM43,068 (2010: RM3,370,646 and RM42,588) respectively.

23. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	Group 2011 RM'000	2010 RM'000
Sales of goods to related parties		
Linyi Jiangxin Steel Co., Ltd.	424,361	500,983
Shandong Jiangquan Industrial Co., Ltd Thermoelectricity	27,548	28,905
Shandong Jiangquan Industrial Co., Ltd. - Jiangxin Construction Use Ceramic Factory	8,788	8,197
Electricity expense paid/payable		
Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	28,175	26,013
Storage expense paid/payable		
Huasheng Jiangquan Group Co., Ltd Railroad Transportation Co.	–	4,055
Shandong Jiangquan Industrial Co., Ltd. Railroad	5,266	–

Companies which are classified as related parties are those affiliated to companies controlled directly or indirectly by Huasheng Jiangquan Group Co., Ltd. ("Jiangquan"). The said companies are related to the Group and the Company by virtue of Mr Liu Guodong, a director of the Company, being the son-in-law of Mr Wang Ting Jiang, a director and shareholder of Jiangquan.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(b) Information regarding outstanding balances arising from related party transactions are as follows:

(i) Amount Owing by Related Parties

	Group	
	2011 **RM'000**	**2010** **RM'000**
Linyi Jiangxin Steel Co., Ltd.	16,064	51,529
Huasheng Jiangquan Group Co., Ltd Railroad Transportation Co.	–	796
Shandong Jiangquan Industrial Co., Ltd Thermoelectricity	2,779	–
	18,843	52,325

(ii) Amount Owing to Related Parties

	Group	
	2011 **RM'000**	**2010** **RM'000**
Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	186	–
Shandong Jiangquan Industrial Co., Ltd Thermoelectricity	–	1,799
	186	1,799

(c) Information regarding compensation of key management personnel is as follows:

	Group		Company	
	2011 **RM'000**	**2010** **RM'000**	**2011** **RM'000**	**2010** **RM'000**
Salaries and allowances	1,334	1,342	637	636
Statutory pension scheme contributions	76	76	76	76

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the Group, including any Director of the Company.

24. SECTION 108 TAX CREDIT AND TAX EXEMPT INCOME

Under the single tier system which came into effect from year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends under this system are tax exempt in the hands of shareholder.

Companies with Section 108 balance as at 31 December 2007 may continue to pay franked dividends until such time the tax credit is fully utilised or upon expiry of the 6 year transitional period on 31 December 2013, whichever is earlier, unless they opt to disregard the Section 108 credits and switch over to the single tier system.

Subject to the agreement with the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income under Section 60FA of Income Tax Act, 1967 to frank the payment of dividends out of all its distributable reserves as at 31 December 2011.

25. SEGMENT INFORMATION - GROUP

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. Management monitors the operating results of its business segment separately for the purposes of making decision about resource allocation and performance assessment.

The Group reportable segments are as follows:

Manufacturing and trading	manufacturing and sales of metallurgical coke and other related by-products
Others	investment holding

2011	Note	Manufacturing and trading RM'000	Others RM'000	Total RM'000
Revenue				
Sales		1,526,564	–	1,526,564
Less : Inter-segment sales		–	–	–
		1,526,564	–	1,526,564
Results				
Depreciation and amortisation		38,180	30	38,210
Other significant non-cash expenses	(a)	231	–	231
Segment loss		(7,727)	(1,887)	(9,614)
Assets				
Addition to non-current assets	(b)	1,982	13	1,995
Segment assets	(c)	710,454	105,361	815,815
Liabilities				
Segment liabilities		107,359	100	107,459

2010	Note	Manufacturing and trading RM'000	Others RM'000	Total RM'000
Revenue				
Sales		1,406,754	23,827	1,430,581
Less : Inter-segment sales		–	(23,827)	(23,827)
		1,406,754	–	1,406,754
Results				
Depreciation and amortisation		37,171	30	37,201
Other significant non-cash expenses	(a)	547	–	547
Segment profit/(loss)		8,318	(1,912)	6,406
Assets				
Addition to non-current assets	(b)	14,746	–	14,746
Segment assets	(c)	715,915	105,693	821,608
Liabilities				
Segment liabilities		140,398	118	140,516

(a) Other significant non-cash expenses consist of the following:

	Group 2011 RM'000	Group 2010 RM'000
Allowance for impairment of trade receivables	123	53
Property, plant and equipment written off	108	494
	231	547

(b) Additions to non-current assets consist of additions of property, plant and equipment.

(c) Tax recoverable is added to segment assets to arrive at total assets reported in the consolidated statement of financial position.

Geographical information

(i) Revenue by geographical location of customers

	Group 2011 RM'000	Group 2010 RM'000
People's Republic of China ("PRC")	1,526,564	1,406,754
Malaysia	–	–
	1,526,564	1,406,754

(ii) Non-current assets by geographical location of assets are as follows:

	Group	
	2011	2010
	RM'000	RM'000
People's Republic of China ("PRC")	547,978	557,237
Hong Kong	–	1
Malaysia	62	78
	548,040	557,316

Information about major customers

Revenue from 2 (2010: 2) major customers amounting to RM646,113,000 (2010: RM651,728,000), arising from manufacturing and trading segment.

26. CAPITAL COMMITMENTS

	Group	
	2011	2010
	RM'000	RM'000
Authorised and contracted for:		
Property, plant and equipment	–	385

27. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the financial year.

As disclosed in Note 16(c), a subsidiary company of the Company is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary company.

The Group monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 5% and 20%. The Group includes within net debt, trade and other payables, less cash and bank balances. Capital includes the equity attributable to the owners of the parent less the abovementioned restricted statutory reserve fund.

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade and other payables	107,459	138,717	100	119
Amount owing to related parties	186	1,799	–	–
Less: cash and cash equivalents	(23,016)	(22,274)	(295)	(618)
Net debt	84,629	118,242	(195)	(499)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Equity attributable to the owners of the parent	721,620	696,008	1,121,082	1,119,112
Less: statutory reserve fund	(49,358)	(49,358)	–	–
Total capital	672,262	646,650	1,121,082	1,119,112
Capital and net debt	756,891	764,892	1,120,887	1,118,613
Gearing ratio	11.2%	15.5%	–	–

There were no changes to the Group's approach to capital management during the financial year.

28. EFFECTS ON ADOPTION OF REVISED FRSs AND AMENDMENTS TO FRSs

The effects on adoption of the following applicable revised FRSs and amendments to FRS in financial year 2011 are set out below:

(a) FRS 3: Business Combinations (revised)

(i) This revised standard allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority interests") either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) It changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

(iii) It requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) It requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

The revised FRS 3 was adopted prospectively by the Group and the Company and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

(b) FRS 127: Consolidated and Separate Financial Statements (revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (revised), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

The revised FRS 127 was adopted prospectively by the Group and the Company and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

(c) Amendments to FRS 101: Presentation of Financial Statements

The Amendments clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

This is a disclosure standard and hence does not have any impact on the financial position and performance of the Group and the Company.

(d) Amendments to FRS 3: Business Combinations

The Amendments clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets applies only to components of non-controlling interests that constitute a present ownership interest that entitles their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value, unless another measurement basis is required by FRS.

29. MFRSs NOT YET ADOPTED

Certain new accounting standards and interpretations have been issued and are mandatory for accounting periods as mentioned in Note 2(a) to the financial statements. Technical Release 3 Guidance on Disclosures of Transition to IFRSs ('TR 3') provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. The quantified impact of the implementation of most of the MFRSs would only be observable in the subsequent financial years. The potential impact arising from differences between the current FRS framework versus the MFRS framework of the Group and the Company has been assessed as follows:

(a) MFRS 10: Consolidated Financial Statements

This Standard establishes a single control model that applies to all entities including "special purpose entities". The changes introduced by this standard will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent.

(b) MFRS 12: Disclosure of Interests in Other Entities

This Standard includes all disclosure relate to an entity's interest in subsidiary company, joint arrangements, associated company and structured entities. A number of new disclosure are required.

(c) MFRS 13: Fair Value Measurement

This Standard establishes a single source of guidance under MFRS for all fair value measurements. This Standard does not change when an entity is required to use fair value, but rather provides guidance of how to measure fair value under MFRS when fair value is required or permitted.

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including foreign currency exchange risk, credit risk, market price risk, liquidity risk and cash flow risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

(b) Foreign currency exchange risk

The Group's operations are primarily based in PRC where transactions are undertaken in Chinese Renminbi. The Group monitors the foreign currency risks on an ongoing basis.

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

	Financial Assets/(Liabilities) Held in Non-Functional Currency			
Functional Currency	**Hong Kong Dollar RM'000**	**United States Dollar RM'000**	**Chinese Renminbi RM'000**	**Total RM'000**
Group				
2011				
Cash and bank balances				
Hong Kong Dollar	–	4	–	4
2010				
Cash and bank balances				
Hong Kong Dollar	–	4	–	4
Company				
2011				
Amount owing by/(to) subsidiary company				
Ringgit Malaysia	220,211	–	(4,358)	215,853
2010				
Amount owing by/(to) subsidiary company				
Ringgit Malaysia	215,982	–	(2,416)	213,566

Currency risk sensitivity analysis

As at the reporting date, the impact of change in 10% on USD exchange rate against the functional currency of a subsidiary company, with all other variables remain constant, is immaterial to the Group's profit net of tax and equity.

The following table shows the sensitivity of the Company's profit net of tax to a reasonably possible change in the HKD and RMB exchange rates against the functional currency of the Company, with all other variables remain constant.

		Company Profit net of tax	
		2011	**2010**
		RM'000	**RM'000**
RMB/RM	- strengthened 5%	(217)	(121)
	- weakened 5 %	217	121
HKD/RM	- strengthened 5%	11,011	10,799
	- weakened 5 %	(11,011)	(10,799)

(c) Credit risk

Exposure to credit risk

The Group's exposure to credit risk arises mainly from trade receivables. Credit period extended to its customers is based on careful evaluation of the customers' financial condition and credit history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. Appropriate approval limits are set at different levels of credit limits and terms. In order to further minimise its exposure to credit risk, the Group, in some instances, requires letters of credits and deposits from the customers.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the ageing and significant balances of its trade receivables on an ongoing basis.

At reporting date, the Group has significant concentrations of credit risk arising from a few major customers and a related party that represent approximately 95% (2010: 95%) of the gross trade receivables balance at year end.

The Company has no significant concentrations of credit risk, except for amount owing by subsidiary company. The maximum exposure to credit risk associated with recognised financial assets is the carrying amount shown in the statements of financial position.

(d) Liquidity and cash flow risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities. The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	**Total RM'000**
Group		
2011		
Trade payables	93,198	93,198
Other payables	14,261	14,261
Amount owing to related parties	186	186
Total undiscounted financial liabilities	107,645	107,645
2010		
Trade payables	115,199	115,199
Other payables	23,518	23,518
Amount owing to related parties	1,799	1,799
Total undiscounted financial liabilities	140,516	140,516
Company		
2011		
Other payables	100	100
Amount owing to subsidiary company	4,358	4,358
Total undiscounted financial liabilities	4,458	4,458
2010		
Other payables	119	119
Amount owing to subsidiary company	2,416	2,416
Total undiscounted financial liabilities	2,535	2,535

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest and exchange rates).

The Group is exposed to the market price risk arising from its raw material, and main product of a subsidiary company. Coke and Coal prices are sensitive to demand and supply factors in PRC which are beyond the Group's control.

<u>Sensitivity analysis for Coke and Coal price</u>

At the reporting date, if the Coke and Coal price had been 1% higher/lower, with other variables remain constant, the Group's profit net of tax would have been RM549,033 (2010: RM1,256,378) higher/lower.

(f) Fair values

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, amount owing to related parties and amount owing to subsidiary company approximated their fair values at the reporting date due to the relatively short term nature of these financial instruments.

31. RETAINED PROFITS

The breakdown of the retained earnings of the Group and of the Company as of 31 December into realised and unrealised amounts is as follows:

	2011	
	Group RM'000	**Company RM'000**
Total retained profits		
Realised	290,807	23,335
Unrealised	(17,298)	(17,298)
	273,509	6,037
Less: Consolidation adjustments	17,298	–
Total retained profits as per statements of financial position	290,807	6,037

	2010	
	Group RM'000	**Company RM'000**
Total retained profits		
Realised	302,419	26,629
Unrealised	(23,152)	(22,562)
	279,267	4,067
Less: Consolidation adjustments	23,152	–
Total retained profits as per statements of financial position	302,419	4,067

The above disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

ANALYSIS OF
SHAREHOLDINGS
as at 30 March 2012

SHARE CAPITAL

Authorised share capital	:	RM1,000,000,000.00
Issued and paid up share capital	:	RM561,153,908.50
Class of share	:	Ordinary shares of RM0.50 each
Total number of shares issued	:	1,122,307,817
Number of shareholders	:	18,981
Voting rights		
• On a show of hands	:	One vote
• On a poll	:	One vote for each share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
1 - 99	550	2.90	21,825	0.00
100 – 1,000	6,297	33.18	3,037,802	0.27
1,001 - 10,000	7,329	38.61	33,706,923	3.00
10,001 – 100,000	4,232	22.30	146,783,903	13.08
100,001 – 56,115,389	568	2.99	235,135,689	20.95
56,115,390 and above	5	0.03	703,621,675	62.69
Total	18,981	100.00	1,122,307,817	100.00

DIRECTORS' SHAREHOLDINGS

		No. of Shares beneficially held			
Name of Directors	**Nationality**	**Direct**	**%**	**Indirect**	**%**
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Malaysian	12,073,700	1.08	304,492,259 [(1)]	27.13
Liu GuoDong	Chinese	178,000,057 [(2)]	15.86	–	–
Y. Bhg. Dato' Mohd. Shahar Bin Abdul Hamid	Malaysian	–	–	–	–
Cedric Choo Sia Teik	Malaysian	–	–	–	–
Zhu QingHua	Chinese	–	–	102,000,038 [(3)]	9.09
Lim See Tow	Malaysian	–	–	–	–
Fu Qiang	Chinese	–	–	–	–

Note :-

(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 Hua-An shares are being held under the name of HDM 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.*

SUBSTANTIAL SHAREHOLDERS

		No. of Shares beneficially held			
Name of Shareholders	**Nationality**	**Direct**	**%**	**Indirect**	**%**
Rock Point Alliance Pte. Ltd.	Singapore	285,000,080	25.39	0	0.00
Liu GuoDong	China	178,000,057 (1)	15.86	0	0.00
Rise Business Inc	Virgin Islands (British)	102,000,038	9.09	0	0.00
Lembaga Tabung Haji	Malaysia	93,673,300	8.35	0	0.00
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	Malaysian	12,073,700	1.08	304,492,259 (2)	27.13
Y.A.M. Tunku Dato' Seri Nadzaruddin Ibni Tuanku Ja'afar	Malaysian	1,221,500	0.11	315,342,959 (3)	28.10
Y.A.M. Tunku Dara Tunku Tan Sri Naquiah Bte Tuanku Ja'afar	Malaysian	1,166,500	0.10	315,397,959 (4)	28.10
Y.A.M. Tunku Tan Sri Imran Ibni Tuanku Ja'afar	Malaysian	1,176,500	0.10	315,387,959 (5)	28.10
Y.A.M. Tunku Irinah Binti Tuanku Ja'afar	Malaysian	1,154,250	0.10	315,410,209 (6)	28.10
Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar	Malaysian	1,076,550	0.10	315,487,909 (7)	28.11
Y.M. Tunku Nurul Hayati Binti Tunku Bahador	Malaysian	100,200	0.01	316,465,759 (8)	28.20
Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin	Malaysian	1,500	0.00	308,810,230 (9)	27.52
Zhu QingHua	China	0	0.00	102,000,038 (10)	9.09

Note :-

(1) *64,000,057 Hua-An shares are being held under the name of HDM Nominees (Asing) Sdn Bhd, Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients).*

(2) *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.

(3) *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 Tuanku 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.

(4) *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.

(5) 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.

(6) 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.

(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 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.

(8) *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' interest 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.

(9) *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.

(10) *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.*

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of Shares beneficially held	%
1.	F.I.T NOMINEES (ASING) SDN BHD ROCK POINT ALLIANCE PTE. LTD.	285,000,080	25.39
2.	LIU GUODONG	114,000,000	10.16
3.	HDM NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (CLIENTS)	108,948,257	9.71
4.	RISE BUSINESS INC	102,000,038	9.09
5.	LEMBAGA TABUNG HAJI	93,673,300	8.35
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROCK POINT ALLIANCE SDN. BHD.	11,486,250	1.02
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JAAFAR	10,979,700	0.98
8.	AFFIN NOMINEE (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KWEE ENG (TAN1125C)	4,826,800	0.43
9.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	3,970,150	0.35
10.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,861,100	0.34
11.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK FOR PLATINUM BROKING COMPANY LIMITED (CLIENT A/C)	3,625,000	0.32
12.	UOBM NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1)	3,620,000	0.32
13.	HLG NOMINEE (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,441,900	0.31
14.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	3,192,400	0.28
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MAK NGIA NGIA@ MAK YOKE LUM (MM0749)	3,094,200	0.28

No.	Name	No. of Shares beneficially held	%
16.	AMSEC NOMINEES (ASING) SDN BHD LIM & TAN SECURITIES PTE LTD FOR LOW CHECK KIAN	3,000,000	0.27
17.	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND FA2N FOR EATON VANCE TAX-MANAGED EMERGING MARKETS FUND	2,699,600	0.24
18.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN@ SIOW KWANG HWA	2,484,700	0.22
19.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA HIAN HOCK	2,413,600	0.22
20.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI SIEW LOOI (STA2)	2,385,350	0.21
21.	PLATINUM PARADE SDN BHD	2,295,500	0.20
22.	WOO WAI MUN	2,200,000	0.20
23.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW THIN SANG	2,000,000	0.18
24.	XIE QIONG	2,000,000	0.18
25.	TAN SWEE HOCK	1,947,500	0.17
26.	CIMB COMMERCE TRUSTEE BERHAD EXEMPT FOR AN EMPLOYEES PROVIDENT FUND (PCM)	1,939,500	0.17
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG(E-TWU)	1,717,000	0.15
28.	YEO ENG HAI	1,600,000	0.14
29.	SYARIKAT PESAKA ANTAH SDN BHD	1,500,000	0.13
30.	MKW JAYA SDN BHD	1,445,200	0.13

LIST OF
PROPERTIES
as at 31 December 2011

	Location	Description	Tenure	Net Book Value RM'000	Area sq. m.	Date Of Acquisition
1)	Lot no. 201/23/96 Shenquan Industrial Park, Luozhuang District, Linyi City, Shandong Province	Manufacturing plant	Leasehold 29 years	9,235	319,014.00	4 Dec 2005
2)	Lot no. 201/026/0008 Shenquan Industrial Park, Luozhuang District, Linyi City, Shandong Province	Coal storage area	Leasehold 50 years	20,499	85,453.76	12 Feb 2007

SINO HUA-AN INTERNATIONAL BERHAD

(Company No. 732227-T)
(Incorporated in Malaysia)

FORM OF PROXY

Number of shares held :
CDS Account No :

*I/We, *(full name in capital letters)* ....

of *(full address)* .... being a *member/members

of **SINO HUA-AN INTERNATIONAL BERHAD** ("the Company"), hereby appoint *(full name in capital letters)* ....

of *(full address)* ....

or failing *him/her, *(full name in capital letters)* ....

of *(full address)* ....

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Sixth Annual General Meeting of the Company to be held at the Banyan, Casuarina and Dillenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Monday, 21 May 2012 at 10:00 a.m. and at any adjournment thereof.

The Proportion of *my/our holding to be represented by *my/our proxies are as follows:-

First Proxy (1) .... %

Second Proxy (2) .... %

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	AGENDA / RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and the Auditors thereon.		
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2011.		
3.	To re-elect Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who retires pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
4.	To re-elect Mr. Zhu QingHua who retires pursuant to Article 95 of the Company's Articles of Association, and being eligible, has offered himself for re-election.		
5.	To pass the following resolution pursuant to Section 129(6) of the Companies Act 1965 :- "That pursuant to Section 129(6) of the Companies Act 1965, Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid, who is over the age of 70 years, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting."		
6.	To re-appoint Messrs. Morison Anuarul Azizan Chew as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
7.	**As Special Business** Ordinary Resolution 1 Authority to issue shares pursuant to Section 132D of the Companies Act 1965.		
8.	Ordinary Resolution 2 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
9.	Ordinary Resolution 3 Proposed Renewal of Authority for Share Buy-Back of up to 10% of the issued and paid up share capital of Sino Hua-An International Berhad.		
10.	Special Resolution Proposed Amendments to Articles of Association.		

* Strike out whichever not applicable (unless otherwise instructed, the proxy may vote as he/she thinks fit)

As witness my/our hand(s) this..day of.. , 2012

....
Signature of Member/Common Seal

Notes:-

1. *In respect of deposited security, only members whose names appear in the Record of Depositors on 15 May 2012 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*
2. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote at the same meetings subject always to a maximum of two (2) proxies at each meeting.*
3. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act 1965 shall not apply to the Company. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
4. *Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting), the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with shares of the Company standing to the credit of the said Security Account.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised.*
6. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
7. *To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or notarially certified copy of such power of authority, must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time appointed of holding the above meeting and at any adjournment thereof.*

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Affix
Stamp

To:

SINO HUA-AN INTERNATIONAL BERHAD (732227-T)
Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan

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