SINO HUA-AN INTERNATIONAL BERHAD
(732227-T)

Registered Office :

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Malaysia

Corporate Office :

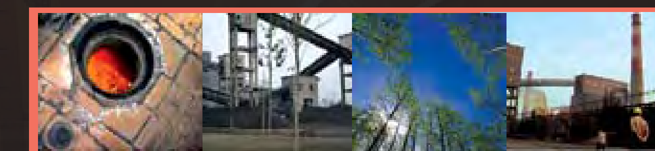
Suite No. 9-8, Level 9,
Wisma UOA Damansara II
No. 6 Changkat Semantan,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia

Tel: +603-2095 7188
Fax: +603-2095 7122
Website: www.sinohuaan.com
Email: bernard@sinohuaan.com

SINO HUA-AN INTERNATIONAL BERHAD (732227-T)

ANNUAL REPORT 2008

SINO HUA-AN INTERNATIONAL BERHAD
(732227-T)



ANNUAL REPORT 2 0 0 8

www.sinohuaan.com

TABLE OF contents

NOTICE OF THE THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting ("AGM") of the Company will be held at the Dillenia and Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 14 May 2009 at 3:00 p.m.

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 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 2008. (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) Abdul Kadir Bin Md Kassim (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. Anuarul Azizan Chew & Co. (an independent member of Morison International) as Auditors of the Company until the conclusion of the next AGM and to authorise the 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 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 ("Sino Hua-An") Group ("the Group") to enter into and to give effect to specified recurrent related party transactions of a revenue or trading nature and with the Related Parties as stated in Part A Section 1.4 of the Circular to Shareholders dated 22 April 2009, 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 authorized to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Renewal of Shareholders' Mandate."

ORDINARY RESOLUTION 3 (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."

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

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Kuala Lumpur
22 April 2009

EXPLANATORY NOTE TO SPECIAL BUSINESS:-

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

   The proposed adoption of the Ordinary Resolution No.1 is primarily to give flexibility to the Board of Directors ("Board") to issue and allot shares at any time at its absolute discretion without convening a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next AGM of the Company.

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 Second AGM held on 30 June 2008. 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 any time within the time period stipulated in the Listing Requirements of Bursa Securities.

Notes:

1. *In respect of deposited security, only members whose names appear in the Record of Depositors on 7 May 2009 ("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. 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.*
3. *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.*
4. *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.*
5. *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 not less than 48 hours before the time appointed of holding the above meeting and at any adjournment thereof.*

NOTICE OF THE THIRD ANNUAL GENERAL MEETING

Statement Accompanying Notice of AGM Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Securities

1. **Details of Directors Standing for Re-Election pursuant to Article 95 of the Company's Articles of Association**

   Directors who are standing for re-election at the Third AGM of the Company pursuant to Article 95 of the Company's Articles of Association are as follows:-

   (a) Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar
   (b) Abdul Kadir Bin Md Kassim

2. **Details of Director Standing for Re-Appointment pursuant to Section 129(6) of the Companies Act 1965**

   Director standing for re-appointment pursuant to Section 129(6) of the Companies Act 1965 is Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid.

The details of the above Directors standing for re-election/re-appointment are set out in their respective profiles which appear on Pages 19 to 21 of this Annual Report. Their holdings in securities of the Company are set out in the Analysis of Shareholdings on Pages 69 to 70 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

The Group fully supports effective Corporate Governance and the development of best practices in its pursuit of business integrity and professionalism.

The 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.

The profiles of individual Directors are set out on Pages 19 to 21 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 2008.

STATEMENT ON CORPORATE GOVERNANCE

The record of attendance at the meetings of the Board for the financial year ended 31 December 2008 is as follows:-

Directors	Date Of Appointment	No. Of Board Meetings Attended	Percentage (%)
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	21-3-2007	5/5	100%
Liu Guodong	22-3-2007	5/5	100%
Cedric Choo Sia Teik	21-3-2007	5/5	100%
Zhu Qinghua	22-3-2007	4/5	80%
Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid	21-3-2007	5/5	100%
Abdul Kadir Bin Md Kassim	21-3-2007	5/5	100%
Lim See Tow	18-1-2008	5/5	100%
Zhang Tianran *(resigned on 30 June 2008)*	25-3-2007	0/3	0%
Jaleeludeen Bin Abu Baker *(resigned on 30 June 2008)*	21-3-2007	1/3	33%

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"), the training arm of Bursa Securities.

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.

During the financial year end, trainings on the Revised Code of Corporate Governance and amendments to the Companies Act 1965 were given by the Company Secretary to all Directors to facilitate knowledge enhancement in the areas of the Code of Corporate Governance and relevant compliance areas.

RE-ELECTION / RE-APPOINTMENT OF DIRECTORS

The Articles of Association provide that any Director appointed by the Board during the year is required to retire and seek re-election by shareholders at the following AGM. The Articles also provide that at least one-third 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 Abdul Kadir Bin Md Kassim 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(2) 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 Securities.

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.

STATEMENT ON CORPORATE GOVERNANCE

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 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 Pages 22 to 26.

The Committee met a total of five (5) times during the financial year ended 31 December 2008.

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:-

(i) Abdul Kadir Bin Md Kassim
(*Independent Non-Executive Director)*

(ii) Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid
(*Independent Non-Executive Director)*

(iii) Lim See Tow
(*Independent Non-Executive Director)*

The Nomination and Remuneration Committee is empowered by the Board, to bring up 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.

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	89	–	–	22
Executive Directors	–	1,478	–	–

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:-

Executive Directors	Number
RM100,001 – RM150,000	2
RM150,001 – RM200,000	–
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

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 Securities;
- Newspaper articles and published interviews with business journalists;
- Regular updates, dialogues, meeting, presentations with institutional shareholders as well as ad-hoc responses to relevant queries 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. The management had also organized periodic visits to the manufacturing plant located in Linyi City, Shandong Province, China for these organizations to enable them to better appreciate the coke manufacturing process, the environment in which the Group is operating in as well as to provide opportunities for them to have discussions directly with members of the management and operational team in China.

The management also participated in numerous domestic investors' conferences and international roadshows in the region to proactively promote the Group to the regional investing community and at the same time obtained valuable feedbacks from them.

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 2008 and in accordance with a resolution passed at the Board of Directors' Meeting held on 27 March 2009.

ADDITIONAL COMPLIANCE INFORMATION

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

1. Utilisation of Proceeds

There were no utilization of proceeds during the financial year.

2. Share Buy-Back

There was no share buy-back during the financial year.

3. Options, Warrants or Convertible Securities

During the financial year end, the Company had not issued any Options, Warrants or Convertible Securities.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2008.

5. Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed by any regulatory authorities on the Company and its subsidiaries.

6. Non-Audit Fees

The amount of non-audit fees paid to the external auditors and their affiliated companies in the Group for the financial year ended 31 December 2008 was RM7,225.

7. Variation in Results

There was no material variation between the audited results for the financial year ended 31 December 2008 against the unaudited results for the year ended 31 December 2008 released by the Company earlier.

8. Profit Guarantee

There was no profit guarantee imposed on the Company for the financial year ended 31 December 2008.

9. 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 2008.

10. Revaluation Policy on Landed Properties

The revaluation policy of the Group is disclosed in Note 2 to the Financial Statements. As at 31 December 2008, the Group has not carried out any revaluation exercise on its land/properties.

11. 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 24 to the Financial Statements on Pages 64 to 65 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 Control which outlines the nature and scope of internal controls of the Group during the financial year.

THE BOARD'S RESPONSIBILITIES

The Board acknowledges its 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 2008 and in accordance with a resolution passed at the Board of Directors' Meeting held on 27 March 2009.

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.

During the year, the Group had once again supported the initiative to develop young and aspiring children as well as the disabled to excel in sports. Such social programme was pursued through the Seremban Half Marathon ("SHM"), one of Negeri Sembilan's annual state official functions. The Group had participated as one of the sponsors for the event with a contribution of RM13,000 and the money was placed into the Junior Athletes' Development Fund, managed by a board of trustee, and will be used towards developing the Junior and Disabled Athletes in Negeri Sembilan.

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 operating subsidiary, namely Linyi Yehua Coking Co., Ltd. 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. During the trying period in 2008, although the Group is faced with very challenging business environment, the Group made a conscientious effort to avoid resorting to retrenchment of its workforce even though our production levels were scaled back considerably.



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.

Whenever the weather permits, we encourage the planting of greenery such as shrubs, ferns or any vegetation on appropriate opened and unused areas within the compound of our plant.


STATEMENT ON DIRECTORS' RESPONSIBILITY

In accordance with the provisions of the Companies Act 1965, the 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:-

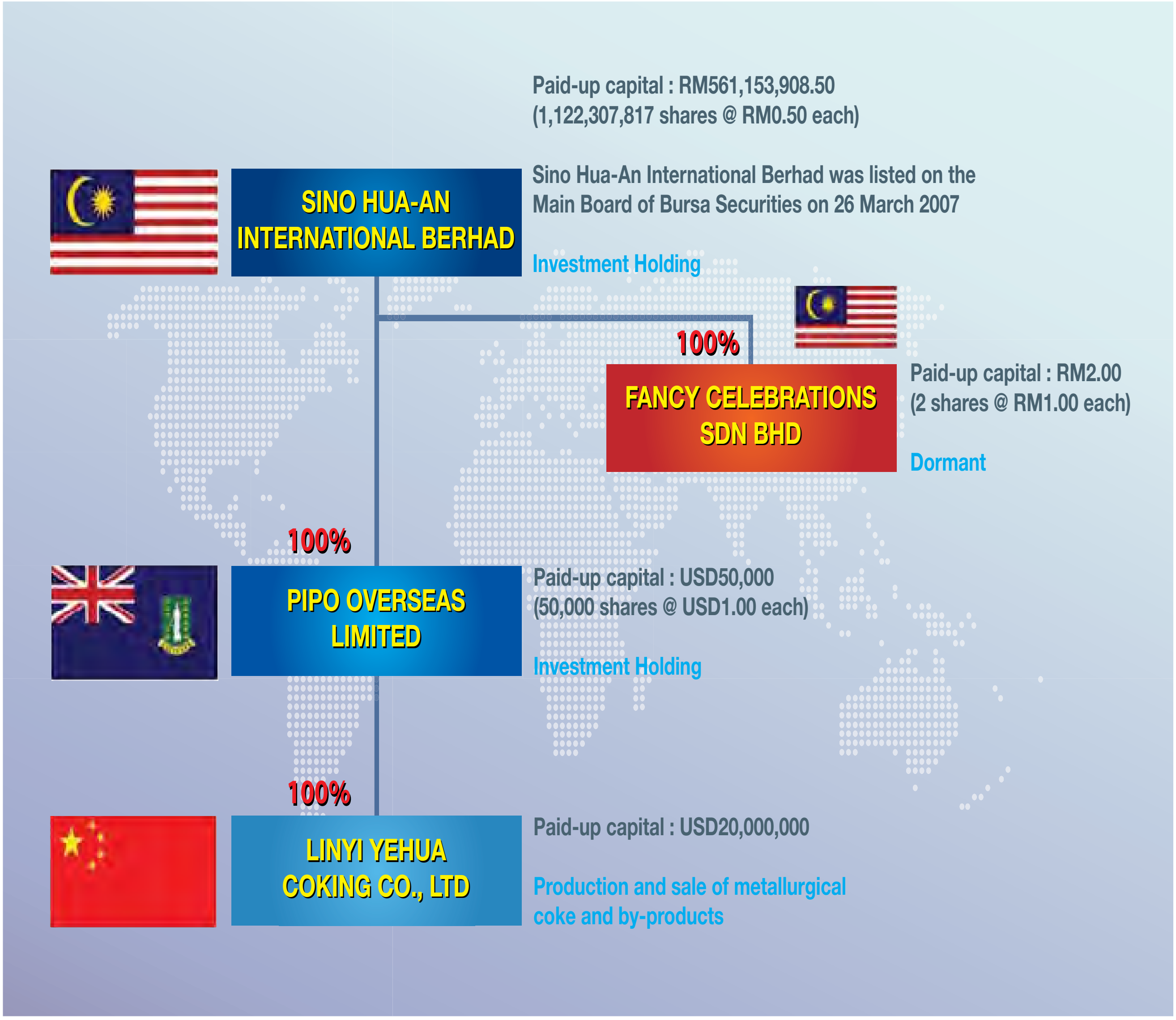
- the Group and the Company have used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable MASB approved accounting standards in Malaysia have been followed.

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 27 March 2009.

THE SINO HUA-AN GROUP



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

Cedric Choo Sia Teik
Executive Director

Zhu Qinghua
Executive Director

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

Abdul Kadir Bin Md Kassim
Independent Non-Executive Director

Lim See Tow
Independent Non-Executive Director

Zhang Tianran *(resigned on 30 June 2008)*
Executive Director

Jaleeludeen Bin Abu Baker *(resigned on 30 June 2008)*
Executive Director

AUDIT COMMITTEE

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

Abdul Kadir Bin Md Kassim
Independent Non-Executive Director

Lim See Tow *(appointed on 18 January 2008)*
Independent Non-Executive Director

SECRETARIES

Ms. Chua Siew Chuan *(MAICSA 0777689)*
Ms. Tan Ai Ning *(MAICSA 7015852)*

AUDITORS

Messrs. Anuarul Azizan Chew & Co *(AF0791)*
(an independent member of Morison International)
Chartered Accountants

REGISTERED OFFICE

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

PRINCIPAL BANKERS

RHB Bank Berhad
(Kuala Lumpur, Malaysia)

The Hongkong and Shanghai Banking Corporation Limited
(Hong Kong)

China Construction Bank
(Linyi City, Shandong Province, PRC)

Agricultural Bank of China
(Linyi City, Shandong Province, PRC)

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) 2084 9940

STOCK EXCHANGE

Bursa Malaysia Securities Berhad (Main Board)

PROFILE OF DIRECTORS

Seated from left:
Liu Guodong (Managing Director), Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar (Executive Chairman),Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid (Independent Non-Executive Director)

Standing from left:
Abdul Kadir Bin Md Kassim (Independent Non-Executive Director), Lim See Tow (Independent Non-Executive Director), Cedric Choo Sia Teik (Executive Director), Zhu Qinghua (Executive Director)

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 62, 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 (5) years and served as Second Secretary in Paris, France from 1972 to 1975. He has served as Chairman of Antah Holdings Bhd and is/was on the boards of several other public listed companies including Kian Joo Can Factory Berhad, Sime Darby Berhad, Tractors (Malaysia) Berhad, Consolidated Plantations Berhad, Ann Joo Resources Berhad and Olympia Industries Berhad.

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 was also founding Chairman of the Federation of Public Listed Companies Berhad and was nominated by the Minister of Finance to serve on the Committee of the Kuala Lumpur Stock Exchange (1989-1994). Overall, Y.A.M. Tunku has over 30 years of working experience mostly in the management role.

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.

PROFILE OF DIRECTORS

Liu Guodong
Managing Director

Mr. Liu Guodong, a Chinese PRC national aged 38, 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 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 Note 24 in the financial statements.

Cedric Choo Sia Teik
Executive Director

Mr. Cedric Choo Sia Teik, a Malaysian aged 36, 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 (2) 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 51, 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 is 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.

Abdul Kadir Bin Md Kassim
Independent Non-Executive Director

Encik Abdul Kadir Bin Md Kassim, a Malaysian aged 69, has served on the Board of Sino Hua-An since 21 March 2007. He is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. He holds a Bachelor of Laws Degree from University of Singapore. He served in the Malaysian Administrative and Diplomatic Service and in the Judicial and Legal Service between 1966 and 1973, holding various positions. He is currently the Managing Partner of Messrs. Kadir, Andri & Partners. He is/was also the Chairman of Ho Hup Construction Company Berhad and a Director of United Engineers (Malaysia) Berhad, UEM World Berhad, Suria Capital Holdings Berhad, TIME dotcom Berhad, Proton Holdings Berhad, Petroliam Nasional Berhad and a few private companies, including being Chairman of the Committee of Labuan International Financial Exchange.

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)
Independent Non-Executive Director

Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid, a Malaysian aged 73, has served on the Board of 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, when 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.

Lim See Tow
Independent Non-Executive Director

Ms. Lim See Tow, a Malaysian aged 33, has served on the Board of Sino Hua-An since 18 January 2008. She is a member of the Audit Committee and the Nomination and Remuneration Committee. Ms. Lim is a member of ACCA and also a member of 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 69 of the Analysis of Shareholdings - Directors' Shareholdings of this Annual Report on the directors' shareholding in the Company.*

❖ *None of the Directors have any conviction for offences within the past 10 years other than traffic offences, if any.*

AUDIT COMMITTEE REPORT

The Board of Sino Hua-An is pleased to present the report of the Audit Committee of the Company for the financial year ended 31 December 2008.

The members of the Audit Committee are as follows:-

Chairman	:	**Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid** *(Independent Non-Executive Director)*
Members	:	**En. Abdul Kadir Bin Md Kassim** *(Independent Non-Executive Director)*
		Ms. Lim See Tow *(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 MIA; or

(b) if he is not a member of the MIA, he must have at least three (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 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 of the Company 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 meetings shall 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 auditor, 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 the 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, the Chief Executive Officer, the Finance Director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

   The Finance Director, 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 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 Audit Committee meetings 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 Company and 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 internal 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);

(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 their evaluation of the system of internal controls and their audit reports;

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

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

(e) To discuss problems and reservations arising from the audits, and any matter the 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 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 2008. The record of attendance of these meetings by the current Board is as follows:-

Details of attendance of Audit Committee Members

	Date of Audit Committee Meetings				
Name of Members	**25/2/08**	**28/4/08**	**23/5/08**	**22/8/08**	**11/11/08**
Y. Bhg. Dato' Mohd Shahar Bin Abdul Hamid	√	√	√	√	√
En. Abdul Kadir Bin Md Kassim	√	√	√	√	√
Ms. Lim See Tow	√	√	√	√	√

AUDIT COMMITTEE REPORT

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 Group and the Company with the external auditors prior to submission to the Board for their approval. The review was, inter-alia, to ensure compliance with:-

- Provisions of the Companies Act 1965;
- Listing Requirements of Bursa Securities;
- Applicable MASB 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 the Company and/or the Group issued by the statutory and regulatory bodies.

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 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 endeavours to monitor the risk governance framework and the risk management processes of the Group to ensure their adequacy and effectiveness.

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 on Internal Control on Page 13.

CHAIRMAN'S STATEMENT

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

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 Group and the Company for the financial year ended 31 December 2008.

CHAIRMAN'S STATEMENT

The year 2008 has certainly been very dramatic and eventful. A seemingly rosy first half year took a sudden adverse turn with a severity that unfolded in the latter part of the year that almost wiped out the profits enjoyed in the earlier six months of the year. We saw abrupt swings in commodity prices globally, financial losses stemming from the US subprime crisis, meltdown of financial markets and turmoil in the global economies in the fourth quarter, spiraling unemployment rates, failing governments, unprecedented colossal bailouts, collapse of big businesses, etc.

These socio-economic dramas that unfolded before us are rooted in the implosion of the US subprime crisis which very swiftly triggered capital withdrawals particularly from Asian equity and debt markets. Heightened risk aversion and continued deleveraging in developed nations had caused huge capital outflows, drastic currency depreciation and a surge in borrowing costs across developing Asian economies. The loss of confidence, sell-off in financial markets, asset price bubble bursts (especially in property markets) and tightening of bank lending have curtailed investments, external trade and production, causing economic growth and domestic demand to slow rapidly in the second half of 2008. Economic superpowers were literally brought down to their knees with the US, EU and Japan already grappling in the midst of recession in the concluding months of 2008, as with other relatively smaller economies worldwide.

Amidst all this financial and economic turmoil, how did Sino Hua-An fare? Admittedly, we are also not spared the wrath of global economic slowdown and the challenges besetting the steel industry, to which our business is closely related to, especially in the fourth quarter of 2008. We appeared at the outset to be en route to a commendable year by registering a sizeable profit after tax (unaudited as announced in our second quarter report on 22 August 2008) of approximately RM72.5 million for the first half of 2008. Our business dynamics and profitability however took an unexpected turn in September 2008, affected by a severe downturn in the whole of the steel and metallurgical coke industry in the month of October and November. In the said two months, the pricing structures of metallurgical coke and steel had changed in such a way that the industry's cost of production was pushed up to such a high level rendering margins and profits of industry players to be significantly diminished. Many steel companies not only those in China but also throughout the world, have registered losses in the fourth quarter of 2008.

It was reported that Baosteel Group (the largest steel manufacturer in China) in June 2008 agreed to pay London-based Rio Tinto Group as much as US$127 a tonne of iron ore, a 97% increase from a year earlier. This abrupt hike in iron ore prices escalated to a great degree the cost of steel production making it an unviable business proposition. Subsequently prices of steel took a sudden reversal downwards stemming from the softening demand triggered by global economic slowdown. As a consequence, our coke industry was also affected as steel manufacturers (both in China and globally) cut production of between 15%-35% (amongst others, Baosteel was reported to have cut output by 20%, ArcelorMittal by 35%, Severstal OAO by 30%, Nippon Steel by 15%) during this challenging period.

Despite the predicament besetting the industry, we are inclined to believe that such challenging times have passed and the industry has begun to pick up in December 2008, moving into 2009. This is evidenced by further improvements seen in metallurgical coke prices relative to the prices of coking coal as well as demand for coke creeping back up.

As far as developments within the Group are concerned in the financial year 2008, we have successfully commissioned our new coke oven in May 2008 (about a month ahead of schedule). Therefore our total coke production capacity has effectively increased from 1.2 million tonnes to 1.8 million tonnes per annum, rendering us by far the largest independent coke manufacturer in Shandong Province and the 4th largest coke manufacturer in Shandong Province behind (i) Shandong Laiwu Iron and Steel Corporation and (ii) Jinan Iron and Steel Corporation Coking Factory (both of which are actually steel manufacturer with their own supporting coke manufacturing facilities) and (iii) Shandong Yankuang International Coking Co., Ltd (which is a joint venture initiative between companies in China, Brazil and Japan producing grade-1 coke for export purposes). Based on an estimate of 45 independent coke manufacturers in the Shandong Province (source: www.custeel.com), we garner an approximate market share of between 9%-10%.

CHAIRMAN'S STATEMENT

Financial Performance

2008 was indeed an unusual and tumultuous year for Sino Hua-An. The financial results that we recorded were unprecedented in the history of the Group. The first six months of the year saw the Group registering a rather commendable result with profit after tax of approximately RM72.5 million. However, owing to the sudden turn of events that negatively impacted the steel/coke industry in the fourth quarter of 2008, Sino Hua-An turned in a rather dismal result in the fourth quarter wiping off a significant part of our earlier profits.

The Group achieved a turnover of approximately RM1.455 billion for the financial year ended 31 December 2008. This represents an increase of about 70.6% from RM852.7 million recorded in the preceding financial year. Such increase in turnover can be attributed to the relatively higher coke selling price as compared to that of the preceding year as well as the increased capacity from the successful commissioning of our new coke oven in May 2008.

Notwithstanding the above improvements in the Group's turnover, we saw significant escalation in our cost of production as well, stemming primarily from the hike in coking coal prices throughout the year. The average price of coke amounted to RMB2,183/tonne in 2008 as opposed to RMB1,266/tonne in 2007, representing an increase of 72%. On the other hand, the average price of coking coal was at RMB1,370/tonne in 2008 compared with RMB720/tonne in 2007, representing a hefty upsurge of about 90%.

Given the narrowing pricing gap between the price of coke and that of coking coal, our average margins in 2008 were squeezed considerably. Under such circumstances coupled with the anomalous fourth quarter loss, the Group managed to register a profit after tax of approximately RM545,000.

Despite the abovementioned reduced profits for the financial year 2008, the Group still has a strong and healthy Balance Sheet. The total assets of the Group stood at RM870.4 million, an increase of 14% from RM763.5 million in the preceding year. Shareholders' funds rose by about 7% to RM763.8 million from RM713.9 million recorded in the preceding year. The Group continues to be in a net cash positive position with no external borrowings. The net assets per share of the Group stood at RM0.68 per share as at 31 December 2008.

Operational Review and Industry Overview

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 in China.

Despite the challenging landscape affecting the steel and metallurgical coke industries, especially in the fourth quarter of 2008, the scene appears to be gradually improving currently and we are optimistic that the steel and metallurgical coke industries will continue in its momentum, albeit gradually, towards the path of recovery in 2009.

It will be relevant at this stage to elaborate on the developments of the Chinese economy as our metallurgical coke business is located in China and our business dealings conducted therein. On the RMB4 trillion fiscal stimulus package aimed at spurring consumer spending and bolstering the domestic economy, a substantial amount is earmarked for infrastructure spending and housing development, both of which would require huge amounts of steel. An estimated RMB1 trillion will go towards infrastructure spending and another RMB800 billion allocated for low income housing. This amounts to approximately 25% and 20% respectively of the RMB4 trillion into both the key areas which will have positive direct spin-off effects on the steel industry and thus that of coke. The spending has already commenced in tranches, with the Central Government already releasing about RMB100 billion in the fourth quarter of 2008 and the second batch of investment of another RMB130 billion released into the economy in January 2009, according to the National Development and Reform Commission ("NDRC"). The balance will be delivered over the course of 2009 and 2010. Projects such as the building of RMB3.5 billion of public housing in Shaanxi province and Shanghai began in December, while Shandong province started work on three new railway lines the same month.

In an effort to further support the steel industry, the Chinese Government has scrapped export duties on 67 flat-steel products effective 1 December 2008. This move will certainly encourage export of more steel products, which will directly increase the demand for coke.

In conjunction with its colossal RMB4 trillion stimulus package, the Chinese Government has also pressured state-owned banks to increase lending, reduce export taxes and agreed to provide support in ten areas, through tax cuts and subsidies for the steel and auto industries. The Central Bank has dropped quotas limiting annual lending by banks in the fourth quarter of 2008. The Chinese Government also urged banks, most of which are state-owned, to lend more to small and medium-size companies, all with the objective of sustaining and stimulating the economy. According to the People's Bank of China, a record US$237 billion of new loans were approved in January 2009, more than double the record set a year earlier.

Premised on the above aggressive roll-out of initiatives and policy measures, China's GDP is expected to maintain a growth rate of about 8%, according to Premier Wen Jiabao in his speech at the National People's Congress on 5 March 2009. The said expectation of the economic growth in China could be further supported by other socio-economic projects intended to be implemented by the Chinese Government prior to the economic and financial turmoil. Amongst others, there is the urgency for the reconstruction of the disaster areas, particularly in the southern part of China which were affected by the massive earthquake in May 2008. It is estimated that an amount of RMB1.6 trillion will be required for such efforts.

Future Outlook

Based on the above review of the industry and indications on where the China economy is heading, the Board is optimistic and hopeful of better economic and market conditions in China going forward into the new financial year. We have started to see demand for metallurgical coke gradually coming back in December 2008 with further signs of improvement shown moving into 2009. Notwithstanding the positive change, the Group, as a matter of prudence, has instituted cash management to ensure adequate liquidity.

Barring unforeseen circumstances, the Board is optimistic of Sino Hua-An creating better value for our shareholders in the coming financial year. With the support of my fellow Board members and capable management team, I believe we can steer the Group out of troubled waters and subsequently to greater heights.

A Note of Appreciation

On behalf of the Board, 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

FINANCIAL statements

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 2008.

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
Profit before taxation	1,027	9,334
Taxation	(482)	(79)
Net profit for the financial year	545	9,255
Attributable to:		
Equity holders of the Company	545	9,255

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.

DIVIDEND

During the financial year, a final dividend of 4.55%, tax exempt, on 1,122,307,817 ordinary shares of RM0.50 each, amounting to a total dividend of RM25,504,410 in respect of the previous financial year was paid on 13 August 2008.

The Board of Directors does not recommend any dividend in respect of 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
Abdul Kadir Bin Md Kassim
Lim See Tow
Zhang Tianran *(resigned on 30.6.2008)*
Jaleeludeen Bin Abu Baker *(resigned on 30.6.2008)*

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 1.1.2008	Acquired	Disposed	At 31.12.2008
Sino Hua-An International Berhad				
Direct interest				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar	13,952,700	–	1,879,000	12,073,700
Liu Guodong	178,000,057	–	–	178,000,057
Indirect interest				
Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar [1]	305,753,459	–	1,250,000	304,503,459
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 24 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 income statements and balance sheets 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, Anuarul Azizan Chew & Co. (an independent member of Morison International), 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
27 March 2009

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 38 to 68 are drawn up in accordance with the applicable MASB approved accounting 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 2008 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
27 March 2009

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 38 to 68 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.

FOONG CHONG THONG
Subscribed and solemnly declared by the abovenamed at **KUALA LUMPUR** in the Federal Territory this 27 March 2009

Before me,

COMMISSIONER FOR OATHS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sino Hua-An International Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements 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 38 to 68.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Companies Act 1965 and the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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' judgment, 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 and fair presentation of the financial statements 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 applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2008 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 companies 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.

ANUARUL AZIZAN CHEW & CO.
(an independent member of Morison International)
Firm Number: AF 0791
Chartered Accountants

CHEW KOK BIN
Approved Number: 1294/06/10 (J)
Partner of Firm

KUALA LUMPUR
27 March 2009

BALANCE SHEETS
AS AT 31 DECEMBER 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Non-Current Assets					
Property, plant and equipment	3	460,858	428,423	135	17
Prepaid lease payments	4	33,197	31,030	–	–
Investment in subsidiary companies	5	–	–	904,908	904,908
Goodwill on consolidation	6	107,671	107,114	–	–
		601,726	566,567	905,043	904,925
Current Assets					
Inventories	7	47,688	74,882	–	–
Trade receivables	8	91,198	39,762	–	–
Other receivables	9	26,935	24,735	70	–
Tax recoverable		10,669	–	–	–
Amount owing by related parties	10	63,437	25,441	–	–
Amount owing by subsidiary company	11	–	–	219,776	235,596
Deposits with licensed banks	12	311	1,046	311	1,046
Cash and bank balances		28,443	31,035	1,033	755
		268,681	196,901	221,190	237,397
Current Liabilities					
Trade payables	13	95,241	28,344	–	–
Other payables	14	7,625	9,299	132	31
Amount owing to related parties	10	3,703	721	–	–
Amount owing to subsidiary company	11	–	–	277	227
Tax payables		9	11,176	9	–
		106,578	49,540	418	258
Net current assets		162,103	147,361	220,772	237,139
		763,829	713,928	1,125,815	1,142,064
Financed By:					
Share capital	15	561,154	561,154	561,154	561,154
Reserves	16	(113,973)	(188,879)	553,891	553,891
Retained profits		316,648	341,653	10,770	27,019
Total equity		763,829	713,928	1,125,815	1,142,064

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

INCOME STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Revenue	17	1,455,060	851,407	–	43,888
Cost of sales		(1,427,715)	(672,096)	–	–
Gross profit		27,345	179,311	–	43,888
Other operating income		886	842	11,641	866
Administration expenses		(8,840)	(12,242)	(2,266)	(1,361)
Other operating expenses		(18,364)	(14,510)	(41)	(16,374)
Finance costs	18	–	(2,119)	–	–
Profit before taxation	19	1,027	151,282	9,334	27,019
Taxation	20	(482)	(24,425)	(79)	–
Net profit for the financial year from continuing operations		545	126,857	9,255	27,019
Discontinued operations					
Net profit for the financial year from discontinued operations		–	665	–	–
Net profit for the financial year		545	127,522	9,255	27,019
Net profit for the financial year attributable to:					
Equity holders of the Company		545	127,522		
Earnings per share attributable to equity holders of the Company (sen):	21				
Basic and diluted					
- from continuing and discontinued operations		0.049	12.11		
- from continuing operations		0.049	12.04		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		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 2007		177	–	–	4,885	28,420	235,023	268,505
Exchange differences arising from translation of foreign operations		–	–	–	2,856	–	–	2,856
Share issue expense		–	(7,263)	–	–	–	–	(7,263)
Issuance of shares								
Acquisition of PIPO and its subsidiary company		400,000	400,000	–	–	–	–	800,000
Scheme of Arrangement with Antah's Shareholders		42,454	42,454	–	–	–	–	84,908
Acquisition of Wisma Antah		8,700	8,700	–	–	–	–	17,400
Scheme of Arrangement with Antah's Creditors		10,000	10,000	–	–	–	–	20,000
Public issue		100,000	100,000	–	–	–	–	200,000
Arising from reverse acquisition		(177)	–	(799,823)	–	–	–	(800,000)
Transfer to foreign statutory reserve		–	–	–	–	20,892	(20,892)	–
Net profit for the financial year		–	–	–	–	–	127,522	127,522
At 31 December 2007		561,154	553,891	(799,823)	7,741	49,312	341,653	713,928
At 1 January 2008		561,154	553,891	(799,823)	7,741	49,312	341,653	713,928
Exchange differences arising from translation of foreign operations		–	–	–	74,860	–	–	74,860
Net profit for the financial year		–	–	–	–	–	545	545
Transfer to foreign statutory reserve		–	–	–	–	46	(46)	–
Dividend	22	–	–	–	–	–	(25,504)	(25,504)
At 31 December 2008		561,154	553,891	(799,823)	82,601	49,358	316,648	763,829

	Note	Share Capital RM'000	Non-Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
Company					
At 1 January 2007		– *	–	–	– *
Share issue expense		–	(7,263)	–	(7,263)
Issuance of shares					
Acquisition of PIPO and its subsidiary company		400,000	400,000	–	800,000
Scheme of Arrangement with Antah's Shareholders		42,454	42,454	–	84,908
Acquisition of Wisma Antah		8,700	8,700	–	17,400
Scheme of Arrangement with Antah's Creditors		10,000	10,000	–	20,000
Public issue		100,000	100,000	–	200,000
Net profit for the financial year		–	–	27,019	27,019
At 31 December 2007		561,154	553,891	27,019	1,142,064
At 1 January 2008		561,154	553,891	27,019	1,142,064
Net profit for the financial year		–	–	9,255	9,255
Dividend	22	–	–	(25,504)	(25,504)
At 31 December 2008		561,154	553,891	10,770	1,125,815

* *Represents RM100*

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

CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash Flows From Operating Activities				
Net profit for the financial year	545	127,522	9,255	27,019
Adjustments for:				
Income tax expenses	482	24,425	79	–
Depreciation of property, plant and equipment	29,585	22,118	10	–
Amortisation of prepaid lease payments	828	746	–	–
Allowance for doubtful debts	357	–	–	–
Interest expense	–	2,119	–	–
Loss/(Gain) on disposal of subsidiary company	–	65	–	(600)
Unrealised exchange (gain)/loss	–	–	(11,601)	7,529
Interest income	(411)	(817)	(40)	(266)
Dividend income	–	–	–	(43,888)
Operating profit/(loss) before working capital changes	31,386	176,178	(2,297)	(10,206)
Decrease/(Increase) in working capital				
Inventories	31,617	(34,787)	–	–
Trade receivables	(47,984)	(17,285)	–	–
Other receivables	(2,199)	15,179	(70)	–
Amount owing by/to related parties	(33,511)	(10,240)	–	–
Amount owing by/to subsidiary companies	–	–	27,471	(199,010)
Trade payables	65,223	6,216	–	–
Other payables	(2,251)	6,564	101	31
Foreign exchange reserve	14,183	–	–	–
	25,078	(34,353)	27,502	(198,979)
Cash from/(used in) operations	56,464	141,825	25,205	(209,185)
Tax paid	(22,978)	(17,285)	(70)	–
Net cash from/(used in) operating activities	33,486	124,540	25,135	(209,185)

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(13,509)	(225,734)	(128)	(17)
Purchase of leasehold land	–	(20,756)	–	–
Disposal of subsidiary company	–	–	–	18,000
Net cash outflow from disposal of subsidiary companies	–	17,149	–	–
Interest received	411	817	40	266
Net cash (used in)/from investing activities	(13,098)	(228,524)	(88)	18,249
Cash Flows From Financing Activities				
Share issue expenses	–	(7,263)	–	(7,263)
Proceeds from issue of shares	–	200,000	–	200,000
Repayment of bank borrowings	–	(63,583)	–	–
Interest paid	–	(2,119)	–	–
Dividend paid	(25,504)	–	(25,504)	–
Net cash (used in)/from financing activities	(25,504)	127,035	(25,504)	192,737
Net (decrease)/increase in cash and cash equivalents	(5,116)	23,051	(457)	1,801
Effects of foreign exchange rate changes	1,789	(563)	–	–
Cash and cash equivalents at beginning of the financial year	32,081	9,593	1,801	–
Cash and cash equivalents at end of the financial year	28,754	32,081	1,344	1,801
Cash and cash equivalents at end of the financial year comprises:				
Deposits with licensed banks	311	1,046	311	1,046
Cash and bank balances	28,443	31,035	1,033	755
	28,754	32,081	1,344	1,801

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 Board of Bursa Securities.

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 2008 were authorised for issue in accordance with a resolution of the Board of Directors dated 27 March 2009.

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 and in compliance with the provisions of the Companies Act 1965 and the applicable MASB approved accounting standards in Malaysia.

During the financial year, the Group and the Company has adopted the following applicable revised Financial Reporting Standards ("FRSs") and amendment to FRS issued by the Malaysian Accounting Standards Board that are mandatory for the current financial year:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation

The Directors of the Group and the Company anticipate that the application of the above revised FRSs and amendment to FRS do not have any significant impact on the financial statements of the Group and of the Company.

The Directors of the Group and the Company anticipate that the application of the following new FRSs and Issues Committee ("IC") Interpretations 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 28 to the financial statements:

		Effective date for financial periods beginning on or after
FRS 8	Operating Segments	1 July 2009
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

(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.

(I) The key assumptions concerning the future and other key sources of estimation or uncertainty at the balance sheet 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 2008 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 2008 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 units 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 cash-generating unit 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 2008 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.

(II) The following are the judgements made by the management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements:

(i) Allowance for inventories

The policy for allowance for slow-moving and obsolete inventories is based on the review of inventories on a product-by-product and on an aging basis. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories.

(ii) Allowance for doubtful debts

The policy for allowance for doubtful debts of the Group is based on the evaluation of collectability and aged analysis of accounts and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers with which the Group deals were to deteriorate, resulting in an impairment of the ability to make payments, additional allowances 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 purchase 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, plus costs directly attributable to the acquisition. 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. 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 income statement.

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

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill which were not previously recognised in the consolidated income statement.

(ii) Transactions eliminated on consolidation

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

(iii) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

(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 income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement 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:

	2008	**2007**
Building	20 years	20 years
Plant and machinery	10 years	5 - 10 years
Office furniture and equipment	5 years	5 years
Motor vehicles	5 years	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 income statement. 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 title is not expected to pass 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 income statement.

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 frequent when there is objective evidence that the carrying value may be impaired, in accordance with Note 2(i).

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units 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 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 cash-generating unit 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 cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement in the period in which it arises. Impairment losses recognised in respect of cash-generating units 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 cash-generating unit 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 income statement, 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) Trade and other receivables

Trade and other receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts. Doubtful debts are provided based on specific review of the receivables. Bad debts are written off when identified.

(l) 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.

(m) Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled.

(n) Borrowings

Interest bearing bank borrowings are recorded at the amount of proceeds received, net of transaction costs incurred.

(o) 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 balance sheet 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.

(p) 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 income statement.

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 balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement 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 income statement 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.

(q) Revenue recognition

(i) Sales 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 on an accrual basis.

(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 balance sheet date.

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base at the balance sheet 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 balance sheet date. The carrying amount of a deferred tax asset is reviewed at each balance sheet 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 income statement, 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 balance sheet 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) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, deposits, other investments, receivables, payables and borrowings. Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual accounting policy statements associated with each item.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Building RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2008	130,846	185,465	342	226	161,982	478,861
Additions	–	3,658	136	–	9,715	13,509
Reclassification	167,733	21,475	17	2,801	(192,026)	–
Exchange differences	10,623	23,199	46	28	20,329	54,225
At 31 December 2008	309,202	233,797	541	3,055	–	546,595
Accumulated depreciation						
At 1 January 2008	12,927	37,156	208	147	–	50,438
Charge for the financial year	9,725	19,239	94	527	–	29,585
Reclassification	10,209	(11,957)	4	1,744	–	–
Exchange differences	2,098	3,534	18	64	–	5,714
At 31 December 2008	34,959	47,972	324	2,482	–	85,737
Carrying amount						
At 31 December 2008	274,243	185,825	217	573	–	460,858

Group	Building RM'000	Plant and machinery RM'000	Office furniture and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2007	60,910	150,664	327	224	36,446	248,571
Additions	–	9,110	18	–	216,606	225,734
Reclassification	69,412	24,632	–	–	(94,044)	–
Exchange differences	524	1,059	(3)	2	2,974	4,556
At 31 December 2007	130,846	185,465	342	226	161,982	478,861
Accumulated depreciation						
At 1 January 2007	5,262	22,602	138	98	–	28,100
Charge for the financial year	7,617	14,382	70	49	–	22,118
Exchange differences	48	172	–	–	–	220
At 31 December 2007	12,927	37,156	208	147	–	50,438
Carrying amount						
At 31 December 2007	117,919	148,309	134	79	161,982	428,423

Company	Office furniture and equipment RM'000
Cost	
At 1 January 2008	17
Addition	128
At 31 December 2008	145
Accumulated depreciation	
At 1 January 2008	–
Charge for the financial year	10
At 31 December 2008	10
Carrying amount	
At 31 December 2008	135

Company	Office furniture and equipment RM'000
Cost	
At 1 January 2007	–
Addition	17
At 31 December 2007	17
Accumulated depreciation	
At 1 January 2007	–
Charge for the financial year	–
At 31 December 2007	–
Carrying amount	
At 31 December 2007	17

4. PREPAID LEASE PAYMENTS

	Group 2008 RM'000	Group 2007 RM'000
Cost		
At 1 January	32,143	10,567
Additions	–	20,756
Exchange differences	3,188	820
At 31 December	35,331	32,143
Accumulated amortisation		
At 1 January	(1,113)	(364)
Amortisation for the financial year	(828)	(746)
Exchange differences	(193)	(3)
At 31 December	(2,134)	(1,113)
Carrying amount	33,197	31,030

Prepaid lease payments of the Group represent 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 right 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 2008 RM'000	Company 2007 RM'000
Unquoted shares, at cost in Malaysia	*	*
Outside Malaysia	904,908	904,908
	904,908	904,908

* *Represents RM2.00*

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

Name of company	Country of incorporation	Effective interest 2008 %	Effective interest 2007 %	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*

(c) Acquisition of subsidiary company in 2007

On 26 March 2007, the Company completed the acquisition of 50,000 PIPO Shares representing the entire issued and paid-up share capital of PIPO for a purchase consideration of RM800,000,000 satisfied entirely by 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.

The substance of the business combination between the Company and PIPO is that PIPO acquired the Company in a reverse acquisition. The cost of this business combination is determined in accordance with FRS 3, Business Combination, on the basis of the fair value of the Company as of 26 March 2007 and the number of shares that PIPO would have had to issue to the shareholders of the Company to provide the same percentage of the combined entity. As the shareholders of PIPO held an interest in the combined entity of approximately 100%, PIPO would not have issued any share to the shareholders of the Company. Thus, the cost of the business combination is Nil.

(d) Disposal of subsidiary company in 2007

On November 16, 2007, the Company also disposed of its entire equity interest in Extra Charm Sdn. Bhd. ("ECSB"), comprising 2 ordinary shares of RM1.00 each of the issued and paid-up share capital of ECSB, to Work @ Clearwater Sdn. Bhd. for a cash consideration of RM18,000,000.

The effects of the disposal on the financial results of the Group are as follows:

	Group 2007 RM'000
Revenue	1,326
Administration expenses	(415)
Finance costs	(246)
Profit for the financial year	665

The effects of the disposal on the financial position of the Group are as follows:

	Group 2007 RM'000
Investment property	17,400
Trade receivables	247
Other receivables	86
Cash and bank balances	851
Trade payables	(78)
Other payables	(441)
Net assets disposed of	18,065
Total disposal cash proceeds	(18,000)
Loss on disposal to the Group	(65)
Cash inflow arising from disposal	
Cash consideration, representing cash inflow of the Company	18,000
Cash and bank balances of subsidiary company disposed of	(851)
Net cash inflow to the Group	17,149

The effects on the financial results of the Company are as follows:

	Company 2007 RM'000
Disposal consideration	18,000
Less:	
Cost of investment in subsidiary company	*
Amount owing by subsidiary company written off	(17,400)
Gain on disposal of subsidiary company to the Company	600

* *Represents RM2.00*

6. GOODWILL ON CONSOLIDATION

	Group 2008 RM'000	2007 RM'000
Cost		
At 1 January	107,114	2,351
Arising from acquisition of subsidiary company	–	104,908
Exchange differences	557	(145)
At 31 December	107,671	107,114

(a) Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to the cash-generating unit ("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 10% per annum was applied to the cash flow projections.

The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates the discount rate using pre-tax rate that reflects 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.

During the financial year, the Group did not recognise any impairment loss in respect of the goodwill on consolidation.

7. INVENTORIES

	Group 2008 RM'000	2007 RM'000
Raw materials	35,615	61,182
Work-in-progress	3,413	11,059
Finished goods	8,660	2,641
	47,688	74,882

8. TRADE RECEIVABLES

	Group 2008 RM'000	Group 2007 RM'000
Trade receivables	91,956	40,097
Allowance for doubtful debts	(758)	(335)
	91,198	39,762

The normal credit period granted by the Group to the trade customers ranges from 30 to 90 days (2007: 0 to 45 days).

9. OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	430	22	10	–
Bill receivables	1,842	2,728	–	–
Trade deposits	24,596	21,985	–	–
Deposits	50	–	43	–
Prepayment	17	–	17	–
	26,935	24,735	70	–

Trade deposits represent deposits paid to suppliers for raw material purchased at the balance sheet 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 with no fixed term of repayment.

12. DEPOSITS WITH LICENSED BANKS

Interest rates on deposits with licensed banks range from 2.50% to 3.23% (2007: 3.1%) per annum and have average maturity period of 1 to 7 days (2007: 30 days).

13. TRADE PAYABLES

The normal credit period granted to the Group from the trade purchasers ranges from 30 to 90 days (2007: 30 to 90 days).

14. OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other payables	2,284	26	29	26
Accruals	3,314	3,477	103	5
Deposits	2,027	5,796	–	–
	7,625	9,299	132	31

15. SHARE CAPITAL

	Group/Company	
	2008 RM'000	2007 RM'000
Ordinary shares of RM0.50 each:		
Authorised		
At 1 January	1,000,000	100
Created during the financial year	–	999,900
At 31 December	1,000,000	1,000,000
Issued and fully paid		
At 1 January	561,154	*
Issued during the financial year	–	561,154
At 31 December	561,154	561,154

* *Represents RM100*

16. RESERVES

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 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	82,601	7,741	–	–
Statutory common reserve fund	49,358	49,312	–	–
	(113,973)	(188,879)	553,891	553,891

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 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Continuing operations:				
Sales of goods				
- Metallurgical coke	1,179,575	640,892	–	–
- By-products	275,485	210,515	–	–
Dividend income received/receivable from subsidiary company	–	–	–	43,888
	1,455,060	851,407	–	43,888
Discontinued operation:				
Rental income	–	1,326	–	–
	1,455,060	852,733	–	43,888

18. FINANCE COSTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Interest expenses on:				
Bank loans	–	2,119	–	–

19. PROFIT BEFORE TAXATION

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amortisation of prepaid lease payments	828	746	–	–
Auditors' remuneration				
- statutory	340	992	50	–
- under provision in prior years	87	–	87	–
- others	5	245	5	–
Allowance for doubtful debts	357	132	–	–
Depreciation of property, plant and equipment	29,585	22,118	10	–
Directors of the Company				
- fees (current year)	89	–	89	–
- fees (under provision in prior year)	63	–	63	–
- salaries and other emoluments	1,478	1,185	766	639
- Employee Provident Fund	89	77	89	77
Rental of premises	135	108	135	–
Rental of office equipment	4	6	4	6
Unrealised exchange (gain)/loss	–	–	(11,601)	7,529
Loss/(Gain) on disposal of subsidiary company	–	65	–	(600)
Interest income	(411)	(817)	(40)	(266)

20. TAXATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current income tax:				
- Malaysian income tax	9	–	9	–
- Foreign tax	907	24,425	–	–
	916	24,425	9	–
(Over)/Under provision in prior year				
- Malaysian income tax	70	–	70	–
- Foreign tax	(504)	–	–	–
	(434)	–	70	–
Tax expense for the financial year	482	24,425	79	–

Domestic current income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the financial year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% effective year of assessment 2009. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A foreign subsidiary registered in the People's Republic of China ("PRC") is entitled to exemption from PRC income tax for the two years commencing from its profit making year of operation which commenced in 2005 and thereafter, the said subsidiary is entitled to a 50% relief from PRC income tax for the following three years.

A reconciliation of income tax expense applicable to 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	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before taxation	1,027	151,947	9,334	27,019
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	267	41,026	2,427	7,295
Different tax rates in other countries	(61)	9,061	–	–
Reduction in tax rate used for deferred tax	–	(540)	–	(540)
Expenses not deductible for tax purposes	1,315	3,200	599	2,244
Income not subject to tax	–	(182)	(3,017)	(11,122)
Tax exemption granted	(605)	(28,381)	–	–
(Over)/Under provision of taxation in respect of prior year	(434)	–	70	–
Deferred tax assets not recognised	–	241	–	2,123
Tax expense for the financial year	482	24,425	79	–

21. EARNINGS PER SHARE

(a) Basic earnings per share

The earnings per share has been calculated based on the consolidated 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	
	2008 RM'000	2007 RM'000
Net profit for the financial year attributable to the equity holders of the Company		
- from continuing and discontinued operations	545	127,522
- from continuing operations	545	126,857
Weighted average number of shares in issue	1,122,308	1,053,431
Basic earnings per share (sen)		
- from continuing and discontinued operations	0.049	12.11
- from continuing operations	0.049	12.04

(b) Diluted earnings per share

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares as at financial year end.

22. DIVIDEND

	Group/Company 2008 RM'000	Group/Company 2007 RM'000
Final dividend of 4.55% (2007: Nil), tax exempt, on 1,122,307,817 (2007: Nil) ordinary shares in respect of financial year ended 31.12.2007	25,504	–

23. STAFF COSTS

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Staff costs (excluding Directors)	20,355	13,640	292	311

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 RM2,696,867 and RM31,200 (2007: RM1,797,771 and RM32,580) respectively.

24. 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 2008 RM'000	Group 2007 RM'000
Sales of goods to related parties		
Linyi Jiangxin Steel Co., Ltd.	498,500	284,911
Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	40,979	44,618
Shandong Jiangquan Industrial Co., Ltd. - Jiangxing Construction Use Ceramic Factory	8,366	16,866
Shandong Jiangquan Industrial Co., Ltd. - Jiangfeng Ceramic Factory	4,158	–
Electricity expense paid/payable		
Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	21,325	14,180
Construction cost paid/payable		
Linyi City Huasheng Group Construction Co., Ltd	–	27,696
Storage expense paid/payable		
Huasheng Jiangquan Group Co., Ltd Railroad Transportation Co.	4,294	5,218

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 is disclosed in Note 10 to the financial statements.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries and allowances	1,478	1,190	766	639
Statutory pension scheme contributions	89	94	89	77

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.

25. 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 shareholders.

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 2008.

26. 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.

(a) Business segment

The principal business of the Group is that of manufacturing and sales of metallurgical coke and other related by-products which are substantially within a single business segment, as such, segmental reporting is deemed not necessary.

(b) Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets and segment capital expenditure are based on geographical location of assets.

(i) Revenue by geographical location of customers

	2008 RM'000	2007 RM'000
People's Republic of China ("PRC")	1,455,060	851,407
Malaysia	–	1,326
	1,455,060	852,733

(ii) Carrying amount of segment assets and segment capital expenditure are not disclosed as all the assets are located principally in People's Republic of China.

27. CAPITAL COMMITMENTS

	Group 2008 RM'000	Group 2007 RM'000
Authorised and contracted for:		
Property, plant and equipment	9,464	9,084

28. NEW FRSs 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. The Group and the Company have assessed those standards and interpretations issued which are applicable to the Group and the Company as follows:

(a) FRS 8: Operating Segments

This FRS requires the entity to disclose the following:

(i) Segment information based on the information reviewed by the entity's chief decision maker.

(ii) Factor used to identify the entity's reportable segments, including the basis of organisation (for example, whether management has chosen to organise the entity around differences in products and services, geographical areas, regulatory environments, or a combination of factors and whether operating segments have been aggregated).

(iii) Type of products and services from which each reportable segment derives its revenues.

(iv) The amounts of additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

(v) Information about the extent of its reliance on its major customers. If revenues from transactions with a single external customer amount to 10 per cent or more of an entity's revenues, the entity shall disclose that fact, the total amount of revenues from each such customer, and the identity of the segment or segments reporting the revenues.

(b) FRS 7: Financial Instruments: Disclosures

This new standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objectives, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

(c) FRS 139: Financial Instruments: Recognition and Measurement

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting.

The Group and the Company has applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and the Company.

29. 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, interest rate risk, credit 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				
2008				
Cash and bank balances				
Hong Kong Dollar	–	2	–	2
2007				
Cash and bank balances				
Hong Kong Dollar	–	7	–	7
Company				
2008				
Amount owing by/(to) subsidiary company				
Ringgit Malaysia	219,776	–	(277)	219,499
2007				
Amount owing by/(to) subsidiary company				
Ringgit Malaysia	235,596	–	(227)	235,369

(c) Interest rate risk

The Group finances its operation through operating cash flows and borrowings. Interest rate exposure arises from the Group's deposits.

(d) **Credit risk**

The Group's exposure to credit risk arises mainly from receivables. Credit period extended to its customers 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.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

(e) **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.

(f) **Fair values**

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables approximated their fair values at the balance sheet date due to the relatively short term nature of these financial instruments.

It is not practical to estimate the fair values of non-trade intercompany balances as there are no fixed repayment terms between the parties involved and without having to incur excessive costs. However, the Company does not anticipate the carrying amounts recorded in the balance sheet to be significantly different from the values that would eventually be received or settled.

30. COMPARATIVE INFORMATION

The financial statements of the previous financial year which are presented for comparative purposes were examined and reported on by another firm of auditors.

Certain comparative figures have been restated to conform with the presentation of current financial year.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 MARCH 2009

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	:	20,659
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	385	1.86	16,101	0.00
100 – 1,000	7,241	35.05	3,568,849	0.32
1,001 - 10,000	8,376	40.55	35,463,206	3.16
10,001 – 100,000	4,078	19.74	140,135,057	12.49
100,001 – 56,115,389	575	2.78	348,539,079	31.05
56,115,390 and above	4	0.02	594,585,525	52.98
Total	20,659	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	–	–	–	–
Abdul Kadir Bin Md Kassim	Malaysian	–	–	–	–
Cedric Choo Sia Teik	Malaysian	–	–	–	–
Zhu Qinghua	Chinese	–	–	102,000,038 (3)	9.09
Lim See Tow	Malaysian	–	–	–	–

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 being the father of Y.M. Tunku Mohamed Alauddin Tunku Naquiyuddin.

Deemed interested by virtue of 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
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 Tunku Tan Sri Naquiah Bte Tuanku Ja'afar and Y.A.M. Tunku Jawahir Bte Tuanku Ja'afar.

Deemed interested by virtue of him being the brother-in-law to Y.M. Tunku Nurul Hayati Binti Tunku Bahador.

Deemed interested by virtue of his direct interest of over 15% in Syarikat Pesaka Antah Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.

Deemed interested by virtue of his direct interest of over 15% equity interest in Syarikat Pesaka Radin Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.

Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds shares in Sino Hua-An International Berhad.

Deemed interested by virtue of him being the sibling to Y.A.M. Tunku Naquiyuddin Ibni Tuanku Ja'afar who has direct interest of over 15% equity interest in Rock Point Alliance Sdn. Bhd. which in turn holds the entire equity interest in Rock Point Alliance Pte. Ltd.

[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.	RISE BUSINESS INC	102,000,038	9.09
4.	HDM NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (CLIENTS)*	93,585,407	8.34
5.	LEMBAGA TABUNG HAJI *LEMBAGA TABUNG HAJI, BHG PEMEROSESAN PELABURAN*	51,443,900	4.58
6.	MAYBAN SECURITIES NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	20,725,575	1.85
7.	HLG NOMINEE (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	12,464,400	1.11
8.	ECML NOMINEES (ASING) SDN BHD *UOB KAY HIAN PTE LTD FOR LOH KIM KANG DAVID*	12,000,000	1.07
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT* *FOR ROCK POINT ALLIANCE SDN. BHD.*	11,486,250	1.02
10.	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR* *Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR*	10,979,700	0.98
11.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR MIDF AMANAH ASSET* *NOMINEES (TEMPATAN) SDN BHD (ACCOUNT 1)*	7,080,400	0.63
12.	CITIGROUP NOMINEES (ASING) SDN BHD *UBS AG*	5,117,000	0.46
13.	MAYBAN NOMINEES (TEMPATAN) SDN BHD ABERDEEN ASSET MANAGEMENT SDN BHD FOR KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (FD 2-280306)	4,951,000	0.44
14.	ECML NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR HAN SENG JUAN	4,806,100	0.43
15.	UOBM NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENT A/C 1)	4,740,000	0.42
16.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB-GK SECURITIES PTE LTD (RETAIL CLIENTS)	4,175,550	0.37
17.	CARTABAN NOMINEES (ASING) SDN BHD *SCBHK FOR PLATINUM BROKING COMPANY LIMITED-CLIENT A/C*	3,921,000	0.35
18.	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)*	3,489,400	0.31
19.	AMSEC NOMINEES (ASING) SDN BHD *LIM & TAN SECURITIES PTE LTD FOR LOW CHECK KIAN*	3,000,000	0.27

No.	Name	No. Of Shares Beneficially Held	%
20.	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR SHENYIN WANGUO SECURITIES (H.K.) LIMITED (CLIENTS' ACCOUNT)*	2,635,000	0.23
21.	PLATINUM PARADE SDN BHD	2,539,000	0.23
22.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *MAYBAN TRUSTEES BERHAD FOR MAAKL VALUE FUND (950290)*	2,530,000	0.23
23.	CARTABAN NOMINEES (TEMPATAN) SDN BHD *MIDF AMANAH ASSET NOMINEES (TEMPATAN) SDN BHD FOR LEMBAGA TABUNG HAJI (JG283)*	2,512,800	0.22
24.	KAF TRUSTEE BERHAD *KAF FUND MANAGEMENT SDN BHD FOR KAF SEAGROATT & CAMPBELL BERHAD*	2,500,000	0.22
25.	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAID (4389)*	2,450,000	0.22
26.	GAN SEONG LIAM	2,250,000	0.20
27.	XIE QIONG	2,000,000	0.18
28.	MAYBAN NOMINEES (TEMPATAN) SDN BHD *MAYBAN TRUSTEES BERHAD FOR AVENUE SYARIAHEXTRA FUND (N14011960240)*	1,807,600	0.16
29.	TEO RAYMOND	1,800,000	0.16
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAI CHEE CHONG (472169)*	1,778,500	0.16

LIST OF PROPERTIES
AS AT 31 DECEMBER 2008

	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	10,729	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	22,468	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:

*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 Third Annual General Meeting of the Company to be held at the Dillenia and Eugenia Room, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 14 May 2009 at 3:00 p.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.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Report of the Directors and the Auditors thereon.		
2.	To approve the payment of Directors' Fees for the financial year ended 31 December 2008.		
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 Abdul Kadir Bin Md Kassim 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 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. Anuarul Azizan Chew & Co. (an independent member of Morison International) as Auditors of the Company and to authorise the 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.		

* *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 ...., 2009

....
Signature of Member/Common Seal

Notes:-

1. *In respect of deposited security, only members whose names appear in the Record of Depositors on 7 May 2009 ("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. 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.*
3. *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.*
4. *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.*
5. *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 not less than 48 hours before the time appointed of holding the above meeting and at any adjournment thereof.*

Please fold here

Affix
Stamp

To:

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

Please fold here