

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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**SAND NISKO CAPITAL BERHAD** 199501010609 (339810-A)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under Companies Act, 2016)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO**

**PART A**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**PART B**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE  
FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE  
OR TRADING NATURE  
 (“PROPOSED SHAREHOLDERS’ MANDATE”)**

**PART C**

**REVOCAION OF DIRECTORS’ CIRCULARISED RESOLUTION DATED 7 JANUARY 2004  
RELATING TO ADVANCES MADE BY LOH SIOW CHAN@ LOO SU CHEONG  
TO LEN CHEONG FURNITURE SENDIRIAN BERHAD REGISTRATION NO. 197901001180  
(45462-W)**

**IN CONJUNCTION WITH THE SPECIAL BUSINESS AT THE TWENTY-FIFTH  
ANNUAL GENERAL MEETING**

The Notice of the Twenty-Fifth (25<sup>th</sup>) Annual General Meeting (“**AGM**”) to be held at Conference Room, Lot 76 & 77, Kawasan Perindustrian Bukit Rambai, Bukit Rambai 75450 Melaka, on Tuesday, 18 August 2020 at 10.00 a.m. together with the Form of Proxy are set out in the Annual Report 2019 which is despatched together with this Circular.

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. The Form of Proxy should be lodged at the Registered Office of the Company at 50-1, 52-1 & 54-1, Jalan BPM2, Taman Bukit Piatu Mutiara, 75150 Melaka, not less than Twenty Four (24) hours before the time of the AGM. The last day and time for lodging the Form of Proxy is Monday, 17 August 2020 at 10.00 a.m. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

The last date and time for lodging the Form of Proxy	Monday, 17 August 2020 at 10.00 a.m.
The date and time of the Twenty-Fifth (25th) AGM	Tuesday, 18 August 2020 at 10.00 a.m.

This Statement/Circular is dated 30 June 2020

Except where the context otherwise requires, the following definitions shall apply throughout this Statement/Circular:-

“Act”	: Companies Act, 2016 as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Annual Report 2019”	: Annual Report of SNC for FYE 31 December 2019
“Board”	: Board of Directors of SNC
“BRSB”	: Biotrend Resources Sdn Bhd 197701004393 (35439-A)
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd 198701006854 (165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad 200301033577 (635998-W)
“CCM”	: Companies Commission of Malaysia
“Circular”	: This circular/ statement to our shareholders dated 30 June 2020
“CMSA”	: The Capital Market and Services Act 2007, as amended from time to time and any re-enactment thereof
“Constitution”	: The Constitutions of SNC, as amended from time to time
“Datin Seri Chu”	: Datin Seri Chu Kim Guek
“Dato’ Seri Sow”	: Dato’ Seri (Dr) Sow Chin Chuan
“Director(s)”	: Shall have the meaning given in Section 2(1) of the CMSA and for the purpose of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of transaction were agreed upon:-  (i) a director of the listed issuer, its subsidiary or holding company; and  (ii) a chief executive officer of the listed issuer, its subsidiary or holding company
“DPS”	: DPS Resources Berhad 200301028458 (630878-X), a company listed on the Main Market of Bursa Securities
“DPS Group”	: DPS and its subsidiaries collectively
“DPSD”	DPS Development Sdn Bhd 199801002922 (459048-W)
“DPSR”	: DPS Realty Sdn Bhd 198401000428 (112949-X)
“ECSB”	: ESYS Construction Sdn Bhd 198501014521 (146976-A)
“Edmund”	Edmund Sow Yong Ming
“Edward”	: Edward Sow Yuen Seng
“Emily”	: Emily Sow Mei Chet

“EPS”	: Earnings per Share
“Eric”	: Eric Sow Yong Shing
“FYE”	: Financial year ended/ending
“Interested Director(s)”	: A Director of the Company with interest, direct or indirect, in the Proposed Shareholders’ Mandate and/or the Proposed Share Buy-Back Authority
“Interested Major Shareholder(s)”	: A Major Shareholder of the Company with interest, direct or indirect, in the Proposed Shareholders’ Mandate and/or the Proposed Share Buy-Back Authority
“Interested Related Party”	: A Related Party with interest, direct or indirect, in the Proposed Shareholders’ Mandate
“LAT”	: Loss after tax
“LCF”	: Len Cheong Furniture Sendirian Berhad 197901001180 (45462-W), a wholly-owned subsidiary of SNC
“LCI”	: Len Cheong Industries Sdn Bhd 199001002908 (194474-V), a wholly-owned subsidiary of SNC
“LCM”	: Len Cheong Manufacturing Sdn Bhd 197001000776 (10089-H), a wholly-owned subsidiary of SNC
“LCR”	: Len Cheong Resources Sdn. Bhd 199301010109 (264846-V), a wholly-owned subsidiary of SNC
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities
“LPD”	: 23 June 2020, being the latest practicable date prior to the printing of this Circular
“Major Shareholder(s)”	: A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of the share, or the aggregate of the nominal amounts of these shares, is:- : (a) 10% or more of the aggregate of the nominal amounts of the voting shares in the corporation; or : (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation : For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act. For the purpose of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of the Company or any other company which its subsidiary company is or holding company.
“NA”	: Net assets attributable to equity holders of SNC
“Person(s) Connected”	: As defined in Chapter 1 Paragraph 1.01 of the Listing Requirements

“Proposed Renewal of Share Buy-Back Authority” or “Proposed Share Buy-Back“	:	Proposed renewal of authority for the Company to purchase and/or hold up to ten percent (10%) of its own shares in the share capital pursuant to Section 127 of the Act
“Proposed Shareholders’ Mandate”	:	Proposed renewal of existing shareholders’ mandate for RRPTs collectively
“Purchased Shares”	:	The Shares purchased by the Company pursuant to the Proposed Share Buy-Back Authority
“Related Party(ies)”	:	In relation to a corporation, means a Director, Major Shareholder or Person Connected with such Director or Major Shareholder
“Related Party Transaction(s)”	:	A transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“RRPT”	:	Related Party Transactions which are recurrent, of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of SNC Group
“Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016 as amended from time to time and any re-enactment thereof
“SC”	:	Securities Commission
“SNC” or “Company”	:	Sand Nisko Capital Berhad 199501010609 (339810-A)
“SNC Group” or “Group”	:	SNC and its subsidiaries
“SNC Shares” or “Shares”	:	Ordinary shares in SNC
“SSB”	:	Shantawood Sdn Bhd 199101005229 (215539-H), a wholly-owned subsidiary of DPS
“SPMSB”	:	Shantawood Property Management Sdn Bhd 201601005146 (1176072-M) (formerly known as Paradigm Desire Sdn Bhd), a wholly-owned subsidiary of DPS
“Subsidiary(ies)	:	For the purpose of this Circular, meaning given in Section 4 of the Act or Malaysian Financial Reporting Standard 10: Consolidated Financial Statements, whichever is applicable.
“Substantial Shareholder(s)”	:	A person who has an interest in one or more voting shares in the company and the number or the aggregate number of such shares is not less than five per centum of the total number of all the voting shares included in the company and shall have the meaning given under Section 136 of the Act
“Treasury Shares”	:	The Shares purchased by the Company which are or will be retained in treasury and shall have the meaning given under Section 127 of the Act
“WAMP”	:	weighted average market price
“psf”	:	per square feet
“sq ft”	:	Square feet

“ZMSB”

: Zhongma Gem Sdn Bhd 201401022427 (1098513-W)

All references to “you” in this Circular are to the shareholders of the Company.

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

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

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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RELATING TO ADVANCES MADE BY LOH SIOW CHAN@ LOO SU CHEONG TO LEN CHEONG  
FURNITURE SENDIRIAN BERHAD REGISTRATION NO. 197901001180 (45462-W)**

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**NOTICE OF AGM Enclosed in Annual Report 2019**

**FORM OF PROXY Enclosed in Annual Report 2019**

**PART A**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**





**SAND NISKO CAPITAL BERHAD** 199501010609 (339810-A)  
(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**

**1. INTRODUCTION**

At the twenty fourth (24<sup>th</sup>) AGM of the Company held on 27<sup>th</sup> June 2019, the shareholders of SNC, had, inter-alia, approved the authority granted to the Company to purchase up to 10% of its total number of issued share capital of SNC as at the time of purchase.

In accordance with the Listing Requirements, the aforesaid authority is subject to annual renewal and will lapse at the connection for the forthcoming AGM, unless renewed by the shareholders of SNC.

On 18 June 2020, the Board announced that the Company is proposing to renew the authority granted to the Company by its shareholders to purchase up to 10% of its total number of issued SNC Shares in the Company.

**THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO BE TABLED AS A SPECIAL BUSINESS AT THE FORTHCOMING AGM.**

**SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS SHARE BUY-BACK STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY TO BE TABLED AT THE FORTHCOMING AGM.**

**2. DETAILS OF THE PROPOSED SHARE BUY-BACK**

**2.1 Quantum and Funding**

The Board is proposing to seek a renewal of mandate from the shareholders to purchase up to ten per cent (10%) of the total number of issued shares in the Company at any point in time subject to the compliance with the provision of the Act and requirements of Bursa Securities and/or any other relevant authorities.

For illustration purposes, the maximum amount of SNC Shares that may be purchased under the Proposed Share Buy-Back based on the existing total number of issued SNC Shares as at the LPD are as follows:-

	<b>No. of shares</b>	<b>RM</b>
Share capital of SNC as at LPD	66,000,000	8,116,213
Maximum number of Shares that may be purchased pursuant to the Proposed Share Buy-Back	6,600,000	811,621

The purchase of SNC Shares by the Company from the open market on Bursa Securities will be made through stockbroker(s) to be appointed by the Company.

Pursuant to the Listing Requirements, the maximum amount of funds to be allocated for any purchase of its own SNC Shares should not exceed retained profits of the Company. The retained profits of the Company based on the latest audited financial statements of the Company for FYE 31 December 2019 is RM0.052 million.

The Proposed Share Buy-Back will be financed through internally generated funds and/or external borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of the internally generated funds and/or external borrowings at the time of the purchase(s). The actual number of SNC Shares to be purchased will depend on the market conditions, the share market sentiments, the sufficiency of retained profits as well as the availability of the financial resources available to the Company.

In the event the Company decides to utilise external borrowings to finance the Proposed Share Buy-Back, it will ensure it has sufficient financial capability to repay external borrowings and that the external borrowings will not have any material impact on the cash flow of the Company.

## **2.2 Effective Period**

The Proposed Share Buy-Back, if approved by the shareholders at the forthcoming AGM of SNC, will be effective immediately from the passing of the ordinary resolution for the Proposed Share Buy-Back and shall continue to remain in force until:

- (a) the conclusion of the next AGM of the Company, at which time the authority will lapse, unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
  - (c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,
- whichever occurring first.

## **2.3 Treatment of the Purchased Shares**

In accordance with section 127 (4) of the Companies Act, 2016, your Directors may deal with the Purchased Shares in either of the following manner:-

- (a) cancel the Purchased Shares; or
- (b) retain the Purchased Shares as treasury shares, which may be distributed as share dividends to the shareholders, resold on Bursa Securities, transferred as part of an Employee Share Scheme and/or used as purchase consideration in acquisition of assets; or
- (c) retain part of the Purchased Shares as Treasury Shares and cancel the remainder.

in any manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

In the event the Company wishes to purchase its own SNC Shares, the Company is required to comply with Section 112, 113 and 127 of the Act and the Company is required to release an immediate announcement on the day the purchase is made.

An appropriate announcement will also be made to Bursa Securities in respect of the intention of the Board whether to retain the Purchased Shares as treasury shares or cancel them or both.

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended and the Treasury Shares shall not be taken into account in calculating the number or percentage of SNC Shares or of a class of SNC Shares, in the Company for any purposes including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote at a meeting.

## **2.4 Pricing**

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares which is not more than fifteen percent (15%) above the WAMP of SNC Shares for the past five (5) market days immediately preceding the date of the purchase.

In addition, pursuant to Paragraph 12.18 of the Listing Requirements, in the case of a re-sale or transfer of treasury shares, the Company may only re-sell the Treasury Shares on Bursa Securities at:-

- (a) a price which is not less than WAMP for the Shares for the past five (5) market days immediately preceding the date of the resale; or
- (b) a discounted price of not more than five percent (5%) to the WAMP for the Shares for the past five (5) market days immediately preceding the date of the resale provided that:-
  - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the Purchased Shares being resold.

Any decision pertaining to the Proposed Share Buy-Back will take into account the quantum of purchase consideration as well as the availability of internally generated funds of the Company at the time of purchase and other relevant cost factor.

## **2.5 Public Shareholding Spread**

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required under Paragraph 8.02 of the Listing Requirements.

As at the LPD, the Company's public shareholding spread stood at 68.67%.

Assuming that the Proposed Share Buy-Back was carried out in full and all the Purchased Shares are from public shareholders, the pro-forma public shareholding spread of the Company would be reduced to 65.19%.

The Board will take cognisance of the requirements of Bursa Securities that any purchase of Shares by the Company must not result in public shareholding spread of the Company falling below 25% of its share capital.

## **2.6 Purchase and Re-sale Made in the Previous Twelve (12) Months**

There is no purchase, re-sale and cancellation of shares in the previous twelve (12) months up to LPD.

## **2.7 Implications relating to the Rules**

In the event that the Proposed Share Buy-Back results in any major shareholder and/or persons acting in concert (“PAC”) with him/her obtaining control in a Company pursuant to the Rules, the affected major shareholder and/or PAC with him/her will be obliged to make a mandatory offer for the remaining SNC Shares not held by him/ her.

In the event the Proposed Share Buy-Back results in any major shareholder and/or PAC with him/ her who already holds more than 33% but less than 50% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Rules, the affected major shareholders and/or PAC with him/her will be obliged to make a mandatory offer for the remaining SNC Shares not held by him/her.

It is not the intention of the Company to cause any shareholders to trigger an obligation to undertake a mandatory general offer under the Rules and the Company will be mindful of the above implications of the Rules in making any purchase of SNC Shares pursuant to the Proposed Share Buy-Back.

However, the affected major shareholder and/or PAC with him/ her may apply for waiver from the SC under Paragraph 4.15 of the Rules.

## **3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back, if implemented, is expected to benefit the Company and its shareholders as follows:-

- (a) the Company would expect to enhance the EPS of the Group (in the case where the Directors resolve to cancel the Purchased Shares and/or retain the Purchased Shares in treasury and the Treasury Shares are not subsequently resold) as the Purchased Shares are not taken into account when calculating the EPS of the Company. The increase in EPS, if any, arising from the Proposed Share Buy-Back may have a positive effect on the market price of the Shares. Therefore, long term investors are expected to enjoy a corresponding increase in the value of their investment in the Company;
- (b) if the Purchased Shares are kept as Treasury Shares, it will give the Directors an option to sell the Purchased Shares at a higher price and therefore make an exceptional gain for the Company without affecting the total share capital of the Company. Alternatively, the Purchased Shares can be distributed as share dividends to shareholders and, if undertaken, would serve as a reward to the shareholders of the Company; and
- (c) the Proposed Share Buy-Back enables the Company to utilise its surplus financial resources to purchase its own shares from the open market. In this way, the Company has an option to stabilise the supply and demand of SNC Shares traded on the Main Market of Bursa Securities and therefore ensure that the pricing of SNC Shares reflects its fundamental value.

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

### **4.1 Potential Advantages**

The potential advantages of the Proposed Share Buy-Back are as follows:

- (i) SNC may be able to stabilise the supply and demand of SNC Shares in the open market and therefore support its fundamental value
- (ii) General investors’ confidence in the stability of SNC Shares’ price is expected to be enhanced as SNC is empowered to implement the Proposed Share Buy-Back;

- (iii) The SNC Group will have the added option to utilise its financial resources for which it has no immediate usage, for the purchase of SNC Shares;
- (iv) The Proposed Share Buy-Back will help enhance value for long-term shareholders from a resultant reduction in the number of Shares in the market, by potentially increasing the earnings per share;
- (v) SNC may utilise the Treasury Shares to benefit, directly and indirectly, shareholders, by distributing the Treasury Shares as future dividend pay out to SNC shareholders and/or for resale in the open market should opportunities arise in the future for an exceptional gain; and
- (vi) Should the Treasury Shares be subsequently resold at prices higher than their purchase prices, the increase in financial resources of the Company may offset that of its outflow when purchasing its own shares from the open market, resulting in a net gain for shareholders.

#### 4.2 Potential disadvantages

The Proposed Share Buy-Back will reduce the financial resources of the Company which may result in the Company foregoing better investment opportunities that may emerge in the future. Since the Proposed Share Buy-Back can only be paid out from retained profits, it may also result in the reduction of financial resources available for distribution to the shareholders of the Company in the immediate future.

The Board undertakes to buy back the Shares and approve any subsequent resale only after giving due consideration to the potential impact on the Company's earnings and only if they are of the opinion that it would be in the interests of the Company and its shareholders.

### 5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back are set out in the ensuing subsections.

#### 5.1 Share Capital

The effect of the Proposed Share Buy-Back on the share capital of the Company will depend on the treatment of the Purchased Shares, whether such Purchased Shares are cancelled, retained as Treasury Shares, resold on the open market, distributed as share dividend, or transferred for purposes of an employees' share scheme or purchase consideration.

Based on the Company's issued share capital as at the LPD, the effect of the Proposed Share Buy-Back, assuming that the Purchased Shares are cancelled, are as follows:-

	<b>No of Shares</b>	<b>RM</b>
Issued share capital	66,000,000	8,116,213
Less:		
Assuming cancellation of SNC Shares purchased pursuant to the Proposed Share Buy-Back	(6,600,000)	811,621
Resultant issued share capital	<b>59,400,000</b>	<b>7,304,592</b>

However, the Proposed Share Buy-Back will have no effect on the total number of issued shares of SNC if all the Purchased Shares are retained as treasury shares, resold on the open market, distributed as share dividends or transferred for purposes of an employees' share scheme or as purchase consideration.

## **5.2 NA**

The effect of the Proposed Share Buy-Back on the consolidated NA per Share will depend on the number of SNC Shares purchased, the effective funding costs of finance the purchase of the SNC Shares and the treatment of the Purchased Shares.

The Proposed Share Buy-Back is likely to reduce the consolidated NA per Share at the time of purchase if the purchase price exceeds the consolidated NA per Share and conversely will increase the consolidated NA per Share at the time of purchase if the purchase price is less than the consolidated NA per share.

Should the Purchased Shares be held as treasury shares and later resold, the consolidated NA per Share will increase if the Company realises a gain from the resale, and vice-versa.

## **5.3 Working Capital**

The Proposed Share Buy-Back will reduce the cash flow and financial resources available for working capital depending on the purchase price and the number of the SNC Shares purchased.

However, the cash flow position and financial resources of the Company will be restored if the Purchased Shares are resold at least at the purchase price.

## **5.4 Earnings**

The effect of the Proposed Share Buy-Back on the earnings and EPS of the Group is dependent on the purchase price(s) of the SNC Shares, the number of SNC Shares purchased, and loss in interest income to the Group, or the opportunity cost in relation to other investment opportunities.

On the assumption that the SNC Shares so purchased are treated as treasury shares and subsequently resold, the extent of the effect on earnings of SNC Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest saving arising.

## **5.5 Dividends**

The Proposed Share Buy-Back may affect the dividend payment to you, if any, as the Board will take into consideration of the Company's profit, cash flow and the capital commitments before proposing the dividend payment.

## **5.6 Gearing**

The utilisation of external borrowings to implement to the Proposed Share Buy-Back will increase the gearing of the Group, if any.

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## 6. SHARE PRICE PERFORMANCE

The monthly highest and lowest prices of SNC Shares as traded on Bursa Securities for the past twelve (12) calendar months preceding the LPD are as follows:-

	<b>High</b>	<b>Low</b>
	<b>RM</b>	<b>RM</b>
<b>2019</b>		
April	0.245	0.230
May	0.240	0.230
June	0.235	0.230
July	0.240	0.235
August	0.235	0.235
September	0.235	0.230
October	0.315	0.230
November	0.350	0.320
December	0.360	0.330
<b>2020</b>		
January	0.350	0.325
February	0.350	0.300
March	0.400	0.230
April	0.245	0.190

The last transacted price of SNC Shares on 30 April 2020, being the last market day prior to the date of announcement of the Proposed Share Buy-Back, was RM0.190.

*(Source: Yahoo Finance)*

## 7. APPROVALS REQUIRED

The renewal of the authority for the Proposed Share Buy-Back is subject to and conditional upon approval is being obtained from the following:-

- (i) the shareholders of the Company; and
- (ii) any other relevant parties or regulatory activities, where applicable.

## 8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and its shareholders.

Accordingly, the Board recommends that you vote in favour of the ordinary resolution relating to the Proposed Share Buy-Back to be tabled at the forthcoming Twenty-Fifth (25<sup>th</sup>) AGM.

## 9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The Directors, major shareholders and Persons Connected with them have no direct or indirect interest in the Proposed Share Buy-Back. Their percentage shareholdings of directors and substantial shareholders will however increase as a consequence of the Proposed Share Buy-Back.

The pro-forma effects of the Proposed Share Buy-Back on the directors and substantial shareholders' shareholdings in the Company based on the Register of Directors and Register of Substantial Shareholders as at LPD respectively, assuming all SNC Shares purchased are not purchased from its substantial shareholders and are cancelled, are as follows:-

	As at the LPD				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
<b>Substantial shareholders</b>								
Dato' Seri Sow	20,679,400	31.33	-	-	20,679,400	34.81	-	-
Datin Seri Chu <sup>(1)</sup>	-	-	20,679,400	31.33	-	-	20,679,400	34.81
Emily <sup>(2)</sup>	-	-	20,679,400	31.33	-	-	20,679,400	34.81
Edward <sup>(3)</sup>	-	-	20,679,400	31.33	-	-	20,679,400	34.81
<b>Directors</b>								
Dato' Seri Sow	20,679,400	31.33	-	-	20,679,400	34.81	-	-
Datin Seri Chu	-	-	20,679,400	31.33	-	-	20,679,400	34.81
Emily	-	-	20,679,400	31.33	-	-	20,679,400	34.81
Edward	-	-	-	-	-	-	20,679,400	34.81
Dr Fong Hui Fong (Resigned wef 12 July 2019)	-	-	-	-	-	-	-	-
Mohd Isa Bin Ismail	200	0	-	-	200	0	-	-
Abd Rauf Bin Abd Rahim	-	-	-	-	-	-	-	-
Kong June Hon	-	-	-	-	-	-	-	-

### Notes

(1) Deemed interested by virtue of the direct shareholdings of her spouse, Dato' Seri Sow.

(2) Emily is the daughter of Dato' Seri Sow and Datin Seri Chu and deemed interested by virtue of the direct shareholding of her father.

(3) Edward is the son of Dato' Seri Sow and Datin Seri Chu and deemed interested by virtue of the direct shareholding of his father.



**10. AGM**

The Twenty Fifth (25<sup>th</sup>) AGM (*the notice of which is set out in SNC's Annual Report 2019 and an extract of which is also enclosed in this Circular*), will be held at the Conference Room, Lot 76 & 77, Kawasan Perindustrian Bukit Rambai, Bukit Rambai, 75250 Melaka, on Tuesday, 18 August 2020 at 10.00 a.m., or any adjournment thereof for the purpose of considering and if thought fit, passing the resolutions to give effect to the Proposed Share Buy-Back.

If you are unable to attend and vote in person at our AGM, you may complete and return the Form of Proxy as enclosed in the Annual Report 2019 in accordance with the instruction therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at 50-1, 52-1 & 54-1, Jalan BPM 2, Taman Bukit Piatu Mutiara, 75150 Melaka not less than twenty four (24) hours before the time set for holding our AGM or any adjournment thereof.

The lodging of a Form of Proxy does not preclude you from attending and voting in person at our AGM should you subsequently wish to do so.

**11. FURTHER INFORMATION**

Shareholders are advised to refer to the Annual Report 2019 for further information.

This statement is dated 30 June 2020

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**PART B**

**LETTER TO THE SHAREHOLDERS OF SNC IN RELATION TO  
THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS'  
MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**



**SAND NISKO CAPITAL BERHAD** 199501010609 (339810-A)  
(Incorporated in Malaysia)

**Registered Office:**  
50-1, 52-1 & 54-1  
Jalan BPM 2  
Taman Bukit Piatu Mutiara  
75150 Melaka

30 June 2020

**The Board of Directors:**

YBhg. Dato Seri (Dr) Sow Chin Chuan (*Executive Chairman*)  
YBhg. Datin Seri Chu Kim Guek (*Non-Independent & Non-Executive Director*)  
Emily Sow Mei Chet (*Managing Director*)  
Edward Sow Yuen Seng (*Executive Director*)  
Mohd Isa Bin Ismail (*Independent & Non-Executive Director*)  
Abd Rauf Bin Abd Rahim (*Independent & Non-Executive Director*)  
Kong June Hon (*Independent & Non –Executive Director*)

**To: The Shareholders of Sand Nisko Capital Berhad**

Dear Sir/Madam,

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRNT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS' MANDATE”)**

---

**1. INTRODUCTION**

At the Twenty-Fourth AGM of SNC held on 27 June 2019, the Company obtained a general mandate from its shareholders for the Company and/or subsidiaries to enter into RRPTs.

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

On 18 June 2020, the Company announced that SNC will be seeking the approval of its shareholders for a general mandate in relation to RRPT in line with Paragraph 10.09 of the Listing Requirements.

**THE PURPOSE OF PART B OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING THERETO TO BE TABLED AT A SPECIAL BUSINESS AT THE FORTHCOMING AGM.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART B OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.**

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

### 2.1 The Listing Requirements

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

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued capital of less than RM60 million:-
  - (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
  - (b) the percentage ratio of such RRPT is 1% or more.whichever is the lower;
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholder mandate, the relevant related party must comply with the following requirements:-
  - (a) an Interested Related Party must not vote on the resolution in respect of the RRPTs;
  - (b) an Interested Related Party who is a director or major shareholder must ensure that persons connected with it abstain from voting on the resolution in respect of the RRPTs; and
  - (c) where the Interested Related Party is a person connected with a director or major shareholder, such person must not vote on the resolution in respect of the RRPTs;
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Accordingly, the Board proposes to seek shareholders' approval for the Proposed Shareholders' Mandate. The Proposed Shareholders' Mandate will allow the SNC Group, in the normal course of business, to enter into existing and new RRPTs referred to in Part B, Section 2.5 and 2.6 respectively of this Circular, provided that such transactions are made at arm's length, on SNC's normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders of SNC.

## 2.2 Validity Period on the Proposed Shareholders' Mandate

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

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by an ordinary resolution passed at a general meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date is required to be held pursuant to section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

## 2.3 Principal Activities

The principal activities of SNC are investment holding and provision of management services to its subsidiaries whilst the principal activities of its subsidiaries are as follows:-

Company	% held	Principal activities
LCF	100	Manufacturing of furniture , trading in furniture, sub-contract finishing works, investment property
LCM	100	Manufacturing of furniture and furniture parts, furniture exporting and trading, investment property
LCI	100	Sales and trading of logs, CIDB G7 construction, management and construction related services
LCR	100	Real property and housing development

It is envisaged that, in the normal course of SNC Group's businesses, transactions of revenue or trading nature between companies in SNC Group and the Related Parties, which are necessary for day-to-day operations, will continue to occur.

## 2.4 Amount Due and Owing to SNC Group by Related Parties

As at 31 December 2019, there was no amount due and owing by the Related Parties to SNC Group pursuant to the RRPTs which exceeded the credit term granted. All amounts outstanding were settled within the credit terms granted.

## 2.5 Existing mandates on the RRPTs obtained at the last AGM

The details of the RRPTs are set out below:-

Related Party	Nature of Transactions with SNC Group	(A) Estimated value as disclosed in the Circular to shareholders dated 27 June 2019 (RM'000)	(B) Actual value transacted from 28 June 2019 up to 31 March 2020 (RM'000)	Estimated value from date of the forthcoming AGM to the next AGM <sup>(2)</sup> (RM'000)	(B)-(A) Difference (%) (Below)/ Above estimated value	Reason for deviation of 10% or above from the estimated value
DPS Group, DPSR,	Purchase of furniture related components, furniture parts, cushion seats from DPS Group	5,000	-	5,000	(100%)	NA
DPSD, BTA, SCC, WISTA	Sales of other furniture components, part and services to DPS Group	3,000	-	3,000	(100%)	NA
	Provision of property development, construction, supplies, trading and related services to/by DPS Group/DPSR/DPSD, BTA, SCC, WISTA	40,000	13,065	60,000	(67.34%)	NA
	Provision of management, trading service, contract service charge, repair, maintenance, renovation and extension services on factory premises to/by DPS Group/DPSR/DPSD, BTA, SCC, WISTA	5,000	468	5,000	(90.64%)	N/A
	Renting of factory premises to/by SNC Group	2,000	-	2,000	(100%)	N/A
ECSB, ZMSB	Provision of property development, construction, supplies, trading and related services to/by ECSB, ZMSB	3,000	-	10,000	(100%)	NA
BRSB	Purchase of furniture and furniture parts from BRSB	15,000	5,896	NA	(60.69%)	NA
	Sales of furniture raw materials to BRSB	5,000	554	NA	(88.92%)	NA

*Note:*

*NA Not applicable*

- (1) SSB is principally engaged in property development and manufacturing of furniture particularly in dining sets, roof truss, provision of kiln-drying services and trading in furniture manufactured by others. It is the wholly-owned subsidiary of DPS.*
- (2) The estimated values as set out above are based on management's estimates of the value of transactions to be undertaken for the period from the forthcoming AGM to the next AGM. However, the value of transactions may be subject to changes. Disclosure will be made in the Annual Report of the Company for FYE 31 December 2020 of the actual breakdown of the aggregate value of transactions contemplated as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements.*
- (3) Due to lower than expected activity levels in its furniture manufacturing business segment, actual transacted value of the Group's transaction with related parties deviated more than 10% below estimated values.*

Save as disclosed above and in Section 2.6 of this Circular, there were no other persons deemed connected to the Interested Directors and Interested Major Shareholders.

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## 2.6 Directors and/or Major Shareholders and Persons Connected

The shareholdings of the Interested Related Parties relating to the RRPTs are set out below:-

Interested Related Party	DPS		ECSB		DPSR		BRSB		ZMSB	
	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %
Dato' Seri Sow	42.09 <sup>(1)</sup>	2.22	-	-	91.42 <sup>(6)</sup>	8.58	-	-	-	-
Datin Seri Chu	2.18	44.31 <sup>(3)</sup>	25.71 <sup>(4)</sup>	-	8.58 <sup>(6)</sup>	91.42	-	-	-	-
Edward	-	44.31 <sup>(2)</sup>	74.29 <sup>(4)</sup>	-	-	100.00 <sup>(7)</sup>	-	-	-	-
Eric	0.04	44.31 <sup>(3)</sup>	-	-	-	100.00 <sup>(7)</sup>	-	-	100 <sup>(9)</sup>	-
Emily	-	44.31 <sup>(3)</sup>	-	100.00 <sup>(5)</sup>	-	100.00 <sup>(7)</sup>	-	-	-	-
Edmund	-	44.31 <sup>(3)</sup>	-	100.00 <sup>(5)</sup>	-	100.00 <sup>(7)</sup>	-	-	-	-
Dr Fong Hui Fong	-	-	-	-	-	-	30.00 <sup>(8)</sup>	-	-	-

### Notes

- (1) Dato' Sow is the Major Shareholder and the Executive Chairman of DPS.
- (2) Edward is the Managing Director of DPS.
- (3) Datin Seri Chu, Eric, Emily and Edmund are the Executive Directors of DPS.
- (4) Datin Seri Chu and Edward are the Directors and Major Shareholders of ECSB.
- (5) Emily and Edmund are the Director of ECSB
- (6) Dato' Seri Sow and Datin Seri Chu are the Director and Major Shareholder of DPSR.
- (7) Edward, Eric, Emily and Edmund are the Directors of DPSR
- (8) Dr Fong Hui Fong is the Major Shareholder of BRSB and the Managing Director of SNC (Resigned w.e.f. 12 July 2019). No longer RRPT.
- (9) Eric is the Director and Major Shareholders and Emily is the Director of ZMSB.



## 2.7 Review Procedures and Guidelines in relation to RRPTs

To ensure that RRPTs are conducted on normal commercial terms and transaction prices consistent with the Company's usual business practices and policies, which are not more favourable to Related Parties than those generally available to the public and are not detrimental to the Company's minority shareholders, the Audit Committee has been tasked with the review and approval of such transactions:-

- Kong June Hon (*Chairman*)
- Abd Rauf Bin Abd Rahim
- Mohd Isa Bin Ismail

The Audit Committee has established the following procedures and guidelines for the review and approval of RRPTs:-

- (i) A list of the Related Parties is established and circulated annually to the heads of each finance division within the Group, who shall monitor and ensure that all RRPTs to be entered into by the Group are reported and forwarded to the Audit Committee, which then ensures that the RRPTs are undertaken on an arm's length basis, on terms which are not more favourable to the Related Parties than those generally available to the public and which are not to be detrimental to the Company's minority shareholders.
- (ii) The Group is made aware of the requirements to monitor, and shall put in place proper processes or systems to record and report on, all RRPTs for compilation and reporting to the Audit Committee.
- (iii) Proper records are maintained at the Company and each of its subsidiaries to capture all RRPTs so that all RRPTs entered pursuant to the shareholders' mandate are adequately discussed.
- (iv) All RRPTs are reviewed by the Audit Committee on a quarterly basis. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information from independent sources.
- (v) The internal audit plan shall incorporate a review of Related Party Transactions to ensure that all the relevant approvals for the RRPTs have been obtained.
- (vi) The Audit Committee shall review, on an annual basis, the internal audit reports pertaining to the RRPTs to ascertain that the approved procedures and guidelines to monitor the RRPTs have been complied with.
- (vii) The Board and Audit Committee have overall responsibility for determining whether the procedures and guidelines on the RRPTs are appropriate and sufficient. An annual review of the RRPT procedures and guidelines is to be carried out by the Audit Committee. If, during the annual review, the Audit Committee is of the view that the RRPT procedures and guidelines are no longer valid or are inadequate to ensure that the RRPTs are made on an arm's length basis on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the Company's minority shareholders, the Audit Committee shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones.

- (viii) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the pricing of any RRPT entered into shall be determined based on usual business practices and policies of the Group to ensure that the RRPTs are not detrimental to the Group.

- (ix) In accordance with the Listing Requirements, disclosure in relation to a breakdown of the aggregate value of the RRPTs entered into during the financial year based on, amongst others, the following information:-
  - (a) the type of the RRPT; and
  - (b) the names of the Related Parties involved in each type of RRPTs made and their relationship with the Company.

will be made in the Company's annual report for the financial year during which the shareholders' mandate are in force.

- (x) Where any Director or Audit Committee has an interest (directly or indirectly) in any RRPT, he/she must declare his/her interest in the RRPT and abstain from participation in the decision making of the Board or Audit Committee on the said RRPT.
- (xi) Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Shareholders' Mandate, the Interested Directors, Interested Major Shareholders or Persons Connected with them must not vote on the resolution in respect of the RRPT, and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution approving the transactions.
- (xii) An Interested Director or Interested Major Shareholders must ensure that Persons Connected with them will abstain from voting on the resolution approving the transactions.

## **2.8 Statement by the Company's Audit Committee**

The Audit Committee has reviewed the procedures of the Proposed Shareholders' Mandate and is satisfied that the review procedures are sufficient to ensure that transactions are made at arm's length and on normal commercial terms not more favourable to the Related Parties than those generally available to the public and on terms not to the detriment of the Company's minority shareholders.

The Audit Committee is also satisfied that the Group has in place adequate procedures and processes to monitor, track and identify the RRPTs in a timely and orderly manner. The Audit Committee shall review these procedures and processes on a yearly basis.

## **2.9 Guidelines on Thresholds of Authority**

There are no specific thresholds for approval of RRPTs within the Group. However, RRPT below RM1.0 million each in value will be subject to review of the senior management and tabled for review by the Audit Committee on a quarterly basis, while RRPT equal to or exceeding RM1.0 million each in value will be subject to review by the Audit Committee and approval by the Board.

### 3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The RRPTs entered or to be entered into by the Group are intended to meet business needs at the best possible terms and to enhance the Group's ability to explore beneficial business opportunities. The Group should be able to have access to all available markets and products and services provided by the suppliers or vendors including the Related Parties. They are recurring transactions of revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be determined by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT.

The obtaining of the general mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT arise, thereby reducing substantially 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.

The RRPTs entered into with the Related Parties represent business decisions, which are undertaken for legitimate and bona fide business purposes, after a thorough assessment of the merits and increased efficiency of these transactions, pursuant to the review procedures and guidelines as outlined in Section 2.8 above.

The RRPTs are transacted in the ordinary course of business, made on an arm's length basis, on terms not more favourable to the Related Parties than those generally available to the public, and are not to the detriment of the Company's minority shareholders.

### 4. FINANCIAL EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have effect on the issued share capital, NA, EPS and substantial shareholding of the Company.

### 5. APPROVAL REQUIRED

The Proposals are subject to your approval being obtained at the forthcoming AGM to be convened.

### 6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

The direct and indirect shareholdings of the Interested Directors and Interested Major Shareholders in the Company as at the LPD are as follows:-

	No. of Ordinary shares			
	Direct	%	Indirect	%
<b><u>Interested Directors</u></b>				
Dato' Seri Sow	20,679,400	31.33	-	-
Datin Seri Chu <sup>(1)</sup>	-	-	20,679,400	31.33
Emily <sup>(2)</sup>	-	-	20,679,400	31.33
Edward <sup>(3)</sup>	-	-	20,679,400	31.33
Edmund <sup>(3)</sup>	-	-	20,679,400	31.33
Eric <sup>(3)</sup>	-	-	20,679,400	31.33

<b><u>Interested Major Shareholders</u></b>				
Dato' Seri Sow	20,679,400	31.33	-	-
Datin Seri Chu <sup>(1)</sup>	-	-	20,679,400	31.33
Emily <sup>(2)</sup>	-	-	20,679,400	31.33
Edward <sup>(3)</sup>	-	-	20,679,400	31.33
Edmund <sup>(3)</sup>	-	-	20,679,400	31.33
Eric <sup>(3)</sup>	-	-	20,679,400	31.33

*Notes*

- (1) Deemed interested by virtue of the direct shareholdings of her spouse, Dato' Seri Sow.  
(2) Emily is the daughter of Dato' Seri Sow and Datin Seri Chu and deemed interested by virtue of the direct shareholding of her father.  
(3) Edward, Edmund and Eric are the son of Dato' Seri Sow and Datin Seri Chu and deemed interested by virtue of the direct shareholding of his father.

The abovementioned Interested Directors have abstained and will continue to abstain from the Board's deliberation and voting in respect of the Proposed Shareholders' Mandate in which they are deemed interested. The Interested Directors and Interested Major Shareholders of the Company namely, Dato' Seri Sow, Datin Seri Chu, Emily, Edward, Edmund and Eric will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Shareholders' Mandate and undertake to ensure that the Persons Connected to them will also abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the AGM to be convened.

Save as disclosed above, none of the other Directors or Major Shareholders has any interest, direct and/or indirect, in the Proposed Shareholders' Mandate. The Board is not aware of any Persons Connected to the Directors or Major Shareholders has any interest, direct or indirect in the Proposed Shareholders' Mandate.

## **7. DIRECTORS' STATEMENT AND RECOMMENDATION**

The Board, with the exception of Dato' Seri Sow, Datin Seri Chu, Emily, Edward, Edmund and Eric who shall abstain from expressing an opinion in relation to the Proposed Shareholders' Mandate at the forthcoming AGM, after having considered the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the SNC Group.

Accordingly, the Board with the exception of Dato'Seri Sow, Datin Seri Chu, Emily, Edward, Edmund and Eric who have abstained from expressing any recommendations in relation to the Proposed Shareholders' Mandate, recommend that shareholders vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **8. AGM**

The Twenty-Fifth (25th) AGM of the Company, the Notice of which is enclosed in the Annual Report 2019, will be held at the Conference Room, Lot 76 & 77, Kawasan Perindustrian Bukit Rambai, Bukit Rambai, 75250 Melaka, on Tuesday, 18 August 2020 at 10.00 a.m., or any adjournment thereof for the purpose of considering and if thought fit, passing the resolutions pertaining to the Proposed Shareholders' Mandate under the Special Business of the Agenda as set out in the said Annual Report.

If you are unable to attend and vote in person at our AGM, you may complete and return the Form of Proxy in accordance with the instruction printed therein as soon as possible and in any event so as to arrive at the Registered Office of the Company at 50-1, 52-1 & 54-1, Jalan BPM 2, Taman Bukit Piatu Mutiara, 75150 Melaka not less than twenty four (24) hours before the time set for holding our AGM or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at our AGM should you subsequently wish to do so.

**9. FURTHER INFORMATION**

You are requested to refer to the Annual Report 2019 for further information.

Yours faithfully  
For and on behalf of the Board of Directors  
**SAND NISKO CAPITAL BERHAD**

**EMILY SOW MEI CHET**  
Managing Director

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**PART C**

**REVOCATION OF DIRECTORS' CIRCULARISED RESOLUTION  
DATED 7 JANUARY 2004 RELATING TO ADVANCES MADE BY  
LOH SIOW CHAN@ LOO SU CHEONG  
TO LEN CHEONG FURNITURE SENDIRIAN BERHAD  
REGISTRATION NO. 197901001180 (45462-W)**



**SAND NISKO CAPITAL BERHAD** 199501010609 (339810-A)  
(Incorporated in Malaysia)

**Registered Office:**  
50-1, 52-1 & 54-1  
Jalan BPM 2  
Taman Bukit Piatu Mutiara  
75150 Melaka

30 June 2020

**The Board of Directors:**

YBhg. Dato Seri (Dr) Sow Chin Chuan (*Executive Chairman*)  
YBhg. Datin Seri Chu Kim Guek (*Non-Independent & Non-Executive Director*)  
Emily Sow Mei Chet (*Managing Director*)  
Edward Sow Yuen Seng (*Executive Director*)  
Mohd Isa Bin Ismail (*Independent & Non-Executive Director*)  
Abd Rauf Bin Abd Rahim (*Independent & Non-Executive Director*)  
Kong June Hon (*Independent & Non –Executive Director*)

**To: The Shareholders of Sand Nisko Capital Berhad**

Dear Sir/Madam,

**REVOCAION OF DIRECTORS' CIRCULARISED RESOLUTION DATED 7 JANUARY 2004 ("DCR 2004") RELATING TO ADVANCES MADE BY LOH SIOW CHAN@ LOO SU CHEONG ("LSC") TO LEN CHEONG FURNITURE SENDIRIAN BERHAD REGISTRATION NO. 197901001180 (45462-W) ("LCF") ("REVOCAION OF DCR 2004")**

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**1. INTRODUCTION**

From the period from 1 January 2001 to 31 December 2003, LSC, the previous director of SNC had made advances up to RM5,952,951.22 ("**LSC Advance**") to LCF.

Based on DCR 2004, the Board of Directors of SNC ("**Board 2004**") had agreed to settle the balances of LSC Advance of RM4,652,951.22 as at 31 December 2003 ("**Alleged Debt**") from 15% of the profit after tax ("**PAT**") reflected in the audited financial statements ("**AFS**") of SNC subsequent to financial year ended 31 December 2003 ("**FYE 2003**"), within 30 days after AFS is approved by the Board. This mode of repayment shall continue annually until the sum of RM4,652,951.22 is fully settled by SNC ("**Mode of Settlement of the Alleged Debt approved by Board 2004 via DCR 2004**").

On 18 May 2007, Dato' Seri (Dr) Sow Chin Chuan ("**Dato' Seri Sow**") acquired 17,879,400 ordinary shares, representing 29.80% equity interest in SNC through off-market married deal and open market transaction.

**2. CLAIMS MADE BY LSC AGAINST SNC AND LCF FOR PAT REGISTERED FOR FYE 2008 AND FYE 2016 RESPECTIVELY**

In 2009, LSC as the Plaintiff had filed a claim against SNC and LCF ("**Defendants**") for the sum of RM152,123.10 based on 15% of PAT of RM1,015,154 declared by SNC in its AFS for FYE 2008 ("**1<sup>st</sup> Claim**").

The 1<sup>st</sup> Claim originated from the Mode of Settlement of the Alleged Debt approved by Board 2004 via DCR 2004.

The Defendants appealed to the High Court but its appeal was dismissed on 18 July 2012. Accordingly, the Defendants had made the payment of RM152,123.10 under protest.

On 18 July 2017, SNC received a Notice Pursuant to Section 465(1)(E) read together with Section 466(1)(A) of the Companies Act 2016 ("**The Notice**") dated 13th of July 2017 from a firm of solicitors acting on behalf of LSC. In the said Notice, LSC has demanded for a payment of RM85,210.50 from 15% of PAT of RM568,070.00 declared by SNC in its AFS for FYE 2016 ("**2<sup>nd</sup> Claim**").

The 2<sup>nd</sup> Claim originated from the Mode of Settlement of the Alleged Debt approved by Board 2004 via DCR 2004.

On 30 November 2017, the solicitors advised SNC that the better option to defend this matter is by way of impeaching the judgment instead of an injunction. As such, the Company had on a without prejudice basis and without admission of liability or quantum paid the amount of RM85,210.50 to LSC.

The Company may file a suit against LSC and in due time, after review by their solicitors, file an action to challenge the debt allegedly owed by the Company to LSC.

### **3. PKF FORENSIC REPORT**

On 5 September 2012, the Board of SNC ("**Board 2012**") commissioned PKF Covenant Sdn Bhd ("**PKF**") to conduct an independent investigative review and analyse the surrounding circumstances and possible irregularities surrounding various payments to suppliers and advances made by LSC to LCF from FYE 2001 to 2003 ("**Forensic Audit**").

The PKF Forensic Review Report dated 7 December 2012 ("**PKF Forensic Report**") had concluded amongst others, the following contravention:-

- (i) Failure to keep proper book and records – the lack of proper accounting information and documentation as discussed in Section 4 of the Forensic Report is a potential breach of Sections 167 and 167A of the Companies Act 2016 as there is insufficient audit trail and other such documentation and information as would be required to appropriately support the recording of the transactions.
- (ii) Moneylenders Act 1951 - LSC who is not a licensed moneylender according to the Moneylenders Act 1951, had charged interest on the loan given to LCF over a period review FYE 2001 to FYE 2003 at an interest rate of 8% to 9%. Such an act appears to contravene the Moneylenders Act 1951. The Board is of the opinion that LSC may be guilty of an offence under the Moneylenders Act 1951.
- (iii) Anti-Money Laundering and Anti-Terrorism Financing Act 2001 ("**AMLATFA**") - LCF upon receiving advance from the previous directors and making any such corresponding payments, may have potentially contravened the AMLATFA, by potentially engaging directly and/or indirectly, in transactions that may involve proceeds of an unlawful activity.
- (iv) Directors' potential breach of fiduciary duties – As the funds received/paid to the previous directors without appropriate approval by the board of directors, and approval given for interest to be charged, the directors holding office during the relevant period (i.e. from FYE 2001 to FYE 2003), would appear to have failed to exercise their fiduciary duties. This may potentially contravene with Section 132 of the Companies Act 1965, and Chapter 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**").
- (v) False and misleading statements and reports – in view of the materiality of the transactions and balances outstanding with the previous directors, in particular transactions where records were not verifiable against bank statements, the previous management had in this respect appeared to present a false and misleading report as there were lack of sufficient accounting



records to explain the transactions and financial position of LCF. They could have potentially violated section 364 & 364A of the Companies Act 2016 and Section 320A of the Capital Markets and Services Act 2007.

- (vi) Non-disclosure of related party transaction required under the MMLR - the loan granted to the Company by the previous directors had exceeded 5% of the percentage ratio rule stipulated in Chapter 10.08 of MMLR. There was no announcement made to Bursa Securities and no shareholder approval obtained, nor there any appointment of independent advisor to evaluate the fairness and reasonableness of the transaction. This is not in compliance with Chapter 10.08 of MMLR.

PKF also concluded that due to the prevalent poor internal controls, insufficient information and documentation, the adverse findings on the directors' account and purchases cannot be conclusively associated to any specific reasons and/or persons, we also cannot or conclusively indicate any determine that there is no intention of malfeasance. In addition, it seems clear that during the years of review FYE 2001 to 2003, the administration of the company appeared to have been carried out like that of a sole proprietorship business, without regard for the accountability and corporate governance necessary for a public listed company.

On 27 July 2015, the representative of the Board, Dato' Seri Sow had reported to the police. The investigation has been in progress under the Section 420 of the Penal Code.

#### **4. DISPOSAL OF LCF**

On 27 September 2019, SJ Securities Sdn Bhd ("**SJ Securities**"), had on behalf of the Company announced the proposed disposal by SNC of its entire equity interest in LCF to DPS Realty Sdn Bhd ("**DPSR**") for a total cash consideration of RM10,000,000 ("**Proposed Disposal**").

The Proposed Disposal was approved by the shareholders of SNC on 11 March 2020 and the Disposal was completed on 1 April 2020. This follows that LCF has ceased to be the subsidiary of SNC on 1 April 2020.

Accordingly, LSC shall not have any claims against SNC for the balance of the Alleged Debt of RM4,415,617.62 after deducting 1<sup>st</sup> Claim and 2<sup>nd</sup> Claim made to him in 2012 and 2017 respectively.

#### **5. DIRECTORS' RECOMMENDATION**

The Board, having considered the PKF Forensic Report and the completion of the Disposal, wishes to recommends the following actions :-

- (i) to dispute the Alleged Debt and the undertaking signed by Mr. Lim Choo Hock dated 7 January 2004, by way of guarantee to LCF;
- (ii) to revoke the DCR 2004 on the Mode of Settlement of the Alleged Debt approved by the Board 2004;
- (iii) to authorise the Board to appoint a firm of solicitors to take relevant and necessary actions in all related matters.

Accordingly, the Board recommends that you vote in favour of the resolution on the revocation DCR 2004 approving the Mode of Settlement of the Alleged Debt to be tabled at the forthcoming Annual General Meeting to be held on 18 August 2020.

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular false or misleading.

**2. MATERIAL CONTRACTS**

As at the LPD, there are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or any of its subsidiaries within the two (2) years immediately preceding the date of this Circular.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Sand Nisko Capital Berhad (Formerly known as Len Cheong Holding Berhad) ("**SNC**" or "**the Company**") Notice Pursuant To Section 465(1)(E) Read Together With Section 466(1)(A) of the Companies Act 2016 by Mr Loh Siow Chan @ Loo Su Cheong ("**LSC**") against SNC

Further to the Company's announcements made on 27 July 2017, 2 August 2017 and 30 November 2017 in relation to the Material Litigation ("**Announcements**"). Unless otherwise defined, the definitions set out in the Announcements shall apply herein.

The case has been disputed and the same can be referred to the previous Announcements.

The Board of Directors of SNC wishes to announce that at the upcoming Annual General Meeting (AGM) the Board had decided to revoke the resolution dated 7 January 2004 for the repayment of the advance by LSC to LCF.

In light of the development of the abovementioned matter, the Company had on 1 April 2020 disposed of LCF. The board of directors have also appointed the lawyer to review on what is the next course of action to be taken to protect the best interest of the company.

The Company will announce further developments on the above matter in due course.

**4. MATERIAL COMMITMENT**

As at the LPD, the Board is not aware of any material commitment, incurred or known to be incurred, which may have a material impact on the results or financial position of the Group.

**5. CONTINGENT LIABILITIES**

As at the LPD, the Board is not aware of any contingent liabilities, incurred or known to be incurred, which upon becoming enforceable, may have a substantial impact in the ability of the Group to meet their obligations as and when they fall due.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the following documents is available for inspection at our registered office at 50-1, 52-1 & 54-1, Jalan BPM2, Taman Bukit Piatu Mutiara, 75150 Melaka during normal business hours from 9.00 a.m. to 5.00 p.m. from Monday to Friday (excluding public holidays) for the period commencing from the date of this Circular up to and including the date of our forthcoming AGM:

- (i) Constitution of SNC;
- (ii) Our audited consolidated financial statements for the two (2) financial years ended 31 December 2018 and 31 December 2019;
- (iii) Material contracts referred to in Section 2 of this Appendix; and
- (iii) The relevant cause papers in respect of the Material Litigation set out in Section 3 in this Appendix.

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**EXTRACT OF NOTICE OF THE TWENTY FIFTH (25<sup>th</sup>) AGM OF SAND NISKO CAPITAL BERHAD (“SNC” OR THE “COMPANY”) TO BE HELD AT CONFERENCE ROOM, LOT 76 & 77, KAWASAN PERINDUSTRIAN BUKIT RAMBAI, 75250 MELAKA, ON TUESDAY, 18 AUGUST 2020 AT 10.00 A.M.**

**AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following resolutions

**ORDINARY RESOLUTION 8**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**

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“THAT subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such amount of ordinary shares of the Company as determined by the Directors from time to time through Bursa Securities, as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities at the point of purchase(s);
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

THAT the authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next annual general meeting of the Company following the passing of this ordinary resolution, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

AND THAT the authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase.”

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**ORDINARY RESOLUTION 9****PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

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"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, ("Bursa Securities"), approval be and is hereby be given to the Company and/or its subsidiaries ("SNC Group") to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in Section 2.5 of Part B of this Circular to Shareholders dated 30 June 2020 which are necessary for the SNC Group's day-to-day operations.

AND THAT the aforesaid recurrent transactions of a revenue or trading nature are subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of minority shareholders; and
- (ii) disclosure of the aggregate value of recurrent transactions conducted pursuant to the Proposed Shareholders' Mandate will be disclosed in the Annual Report for the said financial year AND THAT such approval shall continue to be in force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed; or
  - (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing such documents as may be required as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

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**ORDINARY RESOLUTION 10****REVOCAION OF DIRECTORS' CIRCULARISED RESOLUTION DATED 7 JANUARY 2004 ("DCR 2004") RELATING TO ADVANCES MADE BY LOH SIOW CHAN@ LOO SU CHEONG ("LSC") TO LEN CHEONG FURNITURE SENDIRIAN BERHAD REGISTRATION NO. 197901001180 (45462-W) ("LCF") ("REVOCATION OF DCR 2004")**

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**"THAT** subject to the approvals of the relevant authorities and/or parties being obtained, the Board of Directors of SNCB ("**Board**") be and is hereby authorised to:-

- (i) to dispute the alleged debt amounting to RM4,652,951.22 ("**Alleged Debt**") by way of guarantee to LCF;
- (ii) to revoke DCR 2004 on the mode of settlement of the Alleged Debt approved by Board of Directors of SNC on 7 January 2004;
- (iii) to authorise the Board to appoint a firm of solicitors to take relevant and necessary actions in all related matters.

**AND THAT** the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to and complete the Revocation of DCR 2004 with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things for and on behalf of the Company in any manner as they may deem fit or necessary or expedient to complete the Revocation of DCR 2004."

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