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If you are in any 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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In line with the provisions of Practice Note 18/2005 on Perusal of Draft Circulars and Other Documents, Bursa Malaysia has not perused Section B of this Circular pertaining to the Proposed Amendments To The Company's Articles of Association, as the subject transaction fall under the category of Exempt Circular as outlined in the aforesaid Practice Note.



SOUTHERN ACIDS (M) BERHAD

Company No: 64577-K
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

SECTION A

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

SECTION B

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Resolution in respect of the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Amendments to the Company's Articles of Association will be tabled as Special Business at the Thirty-Third Annual General Meeting of the Company to be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on 25 September 2014 at 10:00 a.m.. The Notice of the Annual General Meeting together with the Form of Proxy are set out and enclosed in the Annual Report of the Company for the financial year ended 31 March 2014 despatched together with this Circular.

The Form of Proxy should be lodged at the Registered Office of the Company at 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan, Malaysia, not less than forty eight (48) hours before the time stipulated below for the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : 23 September 2014 at 10:00 a.m.
Date and time of the Annual General Meeting : 25 September 2014 at 10:00 a.m.

DEFINITIONS

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

- “Act” : The Companies Act, 1965 as amended from time to time and any re-enactment thereof.
- “AGM” : Annual General Meeting.
- “Annual Report 2014” : Annual Report of SAB for the financial year ended 31 March 2014.
- “SAB Board” : Board of Directors of SAB.
- “Bursa Securities” : Bursa Malaysia Securities Berhad.
- “CMSA” : Capital Market and Services Act 2007 as amended from time to time and any re-enactment thereof.
- “Director” : In accordance with Paragraph 10.02(c), Part B of the Listing Requirements, a director shall have the meaning in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the related party transaction were agreed upon:
- a) a director of the listed issuer, its subsidiary or holding company; or
 - b) a chief executive of the listed issuer, its subsidiary company or holding company.
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities as amended from time to time and any re-enactment thereof.
- “Major Shareholder” : A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: -
- a) 10% or more of the aggregate of the nominal amounts of all voting shares in the Company; or
 - b) 5% or more of the aggregate of the nominal amounts of all voting shares in the Company where such person is the largest shareholder of the Company,
- and includes any person who is or was within the preceding six (6) months of the date on which the terms of the related party transaction were agreed upon, such major shareholder of the Company or any other company which is its subsidiary company or its holding company.
- For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act.
- “Proposed Renewal of Shareholders’ Mandate” : Proposed renewal of existing shareholders’ mandate for Southern Acids to enter into RRPT as detailed in Section 2 of this Circular.
- “Related Party” : A director, major shareholder or a person connected to such director or major shareholder as defined under Paragraph 1.01 of the Listing Requirements.
- “RRPT” : Recurrent related party transaction of a revenue or trading nature which is necessary for the day-to-day operations and is entered into in the ordinary course of business by Southern Acids which involves the interest, direct or indirect, of a Related Party.
- “SAB” or “the Company” : Southern Acids (M) Berhad (Company No.: 64577-K).
- “Southern Acids” : SAB and its subsidiary companies.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, 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 Malaysia time, unless otherwise stated.

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SOUTHERN ACIDS (M) BERHAD

Company No: 64577-K
(Incorporated in Malaysia)

Registered Office:

9, Jalan Bayu Tinggi 2A/KS6,
Taipan 2, Batu Unjur,
41200 Klang,
Selangor Darul Ehsan.

3 September 2014

The Board of Directors:

Tan Sri Dato' Low Boon Eng (*Non-Independent Non-Executive Chairman*)
Lim Kim Long (*Non-Independent Executive Director*)
Cheong Kee Yoong (*Non-Independent Executive Director*)
Chung Kin Mun (*Senior Independent Non-Executive Director*)
Mohd. Hisham bin Harun (*Non-Independent Non-Executive Director*)
Leong So Seh (*Independent Non-Executive Director*)
Teo Leng (*Independent Non-Executive Director*)
Raymond Wong Kwong Yee (*Non-Independent Non-Executive Director*)
Datuk Seri Panglima Sulong Bin Matjeraie (*Independent Non-Executive Director*)

To: **The Shareholders of Southern Acids (M) Berhad**

Dear Sir/Madam,

SECTION A

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

1. INTRODUCTION

Pursuant to Paragraph 10.09 of the Listing Requirements, the Company had procured the shareholders' mandate at its last AGM held on 26 September 2013, for Southern Acids, in their normal course of business, to enter into those transactions which are recurrent and of a revenue or trading nature which are necessary for Southern Acids' day-to-day operations as set out in the Circular to Shareholders dated 3 September 2013.

The shareholders' mandate obtained by the Company is subject to annual renewal and will lapse at the conclusion of the forthcoming Thirty-Third AGM unless such authority is renewed by an ordinary resolution passed at the forthcoming Thirty-Third AGM.

On 14 July 2014, SAB Board had announced to Bursa Securities its intention to seek the approval of the Company's shareholders for the Proposed Renewal of Shareholders' Mandate at the forthcoming Thirty-Third AGM.

The purpose of this Circular is to provide you with details of the Proposed Renewal of Shareholders' Mandate, to set out the views of your Board and to seek your approval for the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming Thirty-Third AGM.

Shareholders are advised to read and consider carefully the contents and appendix of this Circular before voting on the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming Thirty-Third AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF 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:

- (a) 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;
- (b) 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:
 - (i) the considerations, value of the assets, capital outlay or costs of the aggregated RRPT is RM1 million or more; or
 - (ii) the percentage ratio of such aggregated RRPT is one per cent (1%) or more,whichever is the higher;
- (c) the listed issuer's circular to shareholders for the shareholders' mandate, includes the information as may be subscribed by Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, 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 to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer shall make an immediate announcement to Bursa Securities when the actual value of the RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the Circular by ten per cent (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where a listed issuer has procured shareholders' mandate pursuant to the above, the provision of Paragraph 10.08 of the Listing Requirements shall not apply with regard to transactions as detailed in Section 2.4 of this Circular.

Accordingly, the Company proposes to seek the approval of the Proposed Renewal of Shareholders' Mandate from its shareholders for Southern Acids to enter into the RRPT, details of which are stated in Sections 2.3 and 2.4 of this Circular.

The Proposed Renewal of Shareholders' Mandate will take effect for the duration as set out in Section 2.8 of this Circular.

2.2 The classes and details of Related Parties

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) director;
- (b) major shareholder; and
- (c) persons connected to director and/or major shareholder,

with their details as follows: -

- (i) Tan Sri Dato' Low Boon Eng (PSM, DPMS, JP) ("TSLBE"), the Non-Independent and Non-Executive Chairman and major shareholder of SAB with direct interest of 0.002% and indirect interest of 47.93%;
- (ii) Lim Kim Long ("LKL"), the Non-Independent and Executive Director and major shareholder of SAB with direct interest of 0.04% and indirect interest of 50.43%;

2.2 The classes and details of Related Parties (Cont'd)

The companies deemed connected to the above-stated directors and major shareholders of SAB, which in the past had entered into RRPT with Southern Acids and may continue doing so during the period of this Proposed Renewal of Shareholders' Mandate are as follows:

- (i) Southern Realty (Malaya) Sdn. Berhad ("SRM"), a private limited company incorporated in Malaysia and amongst many of its businesses is the operations of oil palm plantation and palm oil mills. SRM holds 11,527,419 or 8.42% shares in SAB;
- (ii) Bukit Rotan Palm Oil Sdn. Bhd. ("BRP"), a subsidiary company of SRM, is a private limited company incorporated in Malaysia and is principally a manufacturer and dealer of palm oil. BRP does not have any direct equity interest in SAB;
- (iii) Southern Edible Oil Industries (M) Sdn. Berhad ("SEO"), a private limited company incorporated in Malaysia and is principally involves in the refinery and marketing of palm oil based edible oil. SEO holds 4,958,332 or 3.62% shares in SAB; and
- (iv) Southern Keratong Plantations Sdn. Berhad ("SKP"), a private limited company incorporated in Malaysia and is principally involves in the operations of oil palm plantation and palm oil mills. SKP does not have any direct equity interest in SAB.

SRM, BRP, SEO and SKP will hereinafter be referred to as "Transacting Related Party"

Relationship

TSLBE and LKL, both who are directors and major shareholders of SAB, are also:

- (i) directors and major shareholders of SRM, SKP and SEO; and
- (ii) major shareholders of BRP,

with details of their shareholdings disclosed in Section 5 of this Circular.

2.3 Southern Acids businesses and types of RRPT

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are:

- i) manufacturing and marketing of palm oil based oleochemical products for commercial use;
- ii) operations of oil palm plantation and palm oil mill;
- iii) owner and lessor and manager of hospital building;
- iv) operator of private hospital;
- v) seaport warehousing and bulk conveyor operator; and
- vi) provision of accounting and administrative services.

The RRPT are entered into by Southern Acids at arm's length and are based on Southern Acids normal commercial terms that are not more favourable to the Transacting Related Party than those generally available to the public and will not be detrimental to the interests of minority shareholders in the Company. The Proposed Renewal of Shareholders' Mandate is applicable to two (2) wholly owned subsidiary companies of SAB namely Southern Acids Industries Sdn. Bhd. ("SA Industries") and Pembinaan Gejati Sdn. Bhd. ("PG").

SA Industries is principally involved in manufacturing and marketing of palm oil based oleochemical products for commercial use. PG is principally involved in the planting of oil palm and sale of fresh fruit bunches ("FFB").

The types of RRPT to be covered by the Proposed Renewal of Shareholders' Mandate relate principally to the businesses of SA Industries and PG as follows:

(a) Purchase of crude palm oil, refined palm oil and heating materials

SA Industries purchases crude palm oil and refined palm oils for the production of oleochemical. In the production processes, SA Industries also consume heating materials produced from estate and palm oil mill's residues and wastes. Amongst many of its suppliers, SA Industries has been purchasing crude palm oil, refined palm oils and heating materials from the Transacting Related Party due to the proximity of the oleochemical production plant and the estates and the palm oil mills, for operational efficiency and cost effectiveness. The purchase of crude palm oil and refined palm oils are based on prevailing market prices and terms, which are readily available as palm oil is a global commodity.

2.3 Southern Acids businesses and types of RRPT (Cont'd)

(b) Sale of fresh fruit bunches

PG sells its harvested FFB to SRM due to the proximity of SRM's palm oil mill for operational efficiency and cost effectiveness. The transactions are based on prevailing market prices and terms, which are published by the Selangor Palm Oil Millers' Associations.

2.4 Nature of transactions contemplated under the Proposed Renewal of Shareholders' Mandate

The RRPT which will be covered by the Proposed Renewal of Shareholders' Mandate are transactions carry out in the ordinary course of business of the Related Party, details of which are as follows: -

Southern Acids companies involved in the RRPT	Transacting Related Party	Principal activity of Transacting Related Party	Nature of Transactions	Interested director/ Interested major shareholder/ persons connected to them	Estimated value for last mandated period	Actual value* transacted during last mandated date up to latest practicable date	Estimated value ^ between forthcoming 33rd AGM to next AGM
					RM'000	RM'000	RM'000
SA Industries	BRP	Manufacturer and dealer of palm oil.	SA Industries purchases crude palm oil from BRP	TSLBE and LKL	5,000	-	-#
SA Industries	SRM	Operations of oil palm plantation and palm oil mill and others.	SA Industries purchases crude palm oil and heating materials from SRM	TSLBE and LKL	10,000	1,959	10,000
SA Industries	SKP	Operations of oil palm plantation and palm oil mill.	SA Industries purchases crude palm oil and heating materials from SKP	TSLBE and LKL	8,000	312	8,000
SA Industries	SEO	Refinery and marketing of palm oil based edible oil.	SA Industries purchases refined palm oil from SEO	TSLBE and LKL	30,000	-	30,000
PG	SRM	Operations of oil palm plantation and palm oil mill and others.	PG sells FFB to SRM	TSLBE and LKL	2,000	619	2,000
Total					55,000	2,614	50,000

* Actual value of transactions from the date of the existing shareholder's mandate obtained at the last AGM held on 26 September 2013 up to 31 July 2014 being the latest practicable date.

^ The estimated values are based on the expected value of the transactions to be entered into with Related Party and the estimates of the management based on the information available at the time of decision making.

The Company is not seeking the Proposed Renewal of Shareholders' Mandate for this transaction as BRP has temporarily ceased operations.

The shareholdings of the interested director and interested major shareholder and persons connected to them in the Transacting Related Party are disclosed in Section 5.0 of this Circular.

2.5 Benefits and Rationale for the Proposed Renewal of Shareholders' Mandate

The RRPT set out in Section 2.4 of this Circular are recurring transactions of a revenue or trading nature to be entered into in the ordinary course of business, will generate revenue and contribute to the profitability of Southern Acids.

The main reasons Southern Acids enters into RRPT are the reliability of supplies and the proximity between the operations, for operational efficiency and cost effectiveness. As such, the continuation in carrying out RRPT necessary for the day-to-day operations of Southern Acids on commercial terms will enhance Southern Acids ability to pursue its business opportunities, which are time-sensitive in nature, in a more expeditious manner.

These recurring transactions are likely to occur with some degree of frequency and arise at any time and from time to time and hence may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPT.

The shareholders' mandate in respect of the RRPT on an annual basis would eliminate the need to convene separate general meeting from time to time to seek shareholders' approval as and when potential recurrent transactions with a related party arises, thereby reducing substantially administrative time and expenses in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to Southern Acids.

2.6 Guidelines and Review Procedures for RRPT

The Board is mindful of the interests of the minority shareholders and has put in place internal control systems to ensure that any RRPT entered into by Southern Acids with Related Party, which are in the ordinary course of business, are conducted at arm's length basis and on normal commercial terms consistent with Southern Acids business policies and practices and are not detrimental to the interests of the minority shareholders in Southern Acids.

The management and the Audit & Governance Committee of SAB are committed to ensure that all RRPT will only be entered into after taking into consideration of all the relevant valuation, quantitative and qualitative factors.

The review procedures established include the followings:

- (a) all directors have been briefed of the requirements governing RRPT under the Listing Requirements. In particular, they have been advised that RRPT, if aggregated values of the transactions fall within the thresholds set in the Listing Requirements, such RRPT will require the prior approval of the shareholders of SAB and that such approval, if granted, are subject to annual renewal. The directors have also been informed of the review and disclosure procedures put in place by the management;
- (b) all RRPT will be monitored and reviewed by the management and records of such transactions will be made available by the management to the Audit & Governance Committee, internal and/or external auditors for their periodic reviews;
- (c) market prices will be used as benchmarks to determine the transaction prices for sales to and purchases from Related Party. The transactions will be entered into at prevailing market prices on terms not more favourable to the Related Party than those generally available to the public. Market prices are benchmarked against published rates and/or quotations received from independent or third party suppliers of similar or substantially similar products and services.

The transaction prices, terms and conditions are determined by market forces, under similar commercial terms for transactions with third parties, which depend on the demand and supply of the products and services in the market. Terms of RRPT relating to the price or sales/distribution margins shall not change substantially during the period when the Proposed Renewal of Shareholders' Mandate is in force. Where such change is deemed necessary, the management shall ensure that the new terms are consistent with a transaction conducted at arm's length and on normal commercial terms and will not be detrimental to the interests of minority shareholders in Southern Acids.

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

Where quotation or comparative pricing of a particular product or service cannot be obtained from unrelated third parties, the transaction price will be determined by the management based on product or service of substantially similar in nature and/or quality offered to/by other unrelated party to ensure that the RRPT is not detrimental to Southern Acids;

2.6 Guidelines and Review Procedures for RRPT (Cont'd)

- (d) the Company maintains a record of RRPT carried out pursuant to the Proposed Renewal of Shareholders' Mandate. The Company's internal audit plan will incorporate a review of the record in respect of the transactions entered into during the financial year. The Audit & Governance Committee also annually reviews and updates existing review guidelines and procedures if necessary to ensure they remain relevant and effective; and
- (e) further, where any director or person connected with him have any interest (direct or indirect) in any RRPT, such director (or his alternate) shall abstain from voting on the matter at the Board meeting of the Company. Where any member of the Audit & Governance Committee is interested in any RRPT, that member shall abstain from voting on any matter relating to any decision to be taken by the Audit & Governance Committee with respect to such transaction.

2.7 Threshold of Authority

There is no specific threshold for approval of RRPT within Southern Acids. However, all RRPT are subject to the approval of the Board. Where any director has an interest (direct or indirect) in any RRPT, such director shall abstain from deliberation and voting on the matter. If it is determined that the guidelines and/or procedures stated in Section 2.6 of this Circular are inadequate to ensure that:

- (a) the RRPT will be conducted at arms' length and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (b) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders,

the Company will seek for a fresh mandate from its shareholders.

2.8 Validity Period for the Proposed Renewal of Shareholders' Mandate

The authority conferred pursuant to the Proposed Renewal of Shareholders' Mandate, if approved at the forthcoming AGM on 25 September 2014, shall only continue to be in force until: -

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

whichever is the earlier.

2.9 Amount due and owing by Related Party

As at the end of the financial year ended 31 March 2014, none of the amount due and owing by Related Party has exceeded the credit terms.

2.10 Disclosure in the annual report

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, disclosure will be made in the annual report of the Company with regard to the aggregate value of RRPT conducted pursuant to the shareholders' mandate during the financial year and in the annual report of the subsequent year during which the shareholders' mandate is still in force. In providing the disclosure, the Company will provide a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:

- (a) the type of RRPT made; and
- (b) the names of the Related Party involved in each type of RRPT made and their relationship with the Company.

2.11 Statement by Audit & Governance Committee

The Audit & Governance Committee of SAB, which has been given the responsibility of determining whether the procedures for reviewing all RRPT are appropriate and relevant, comprised of the following members:

- (a) Chung Kin Mun (*Chairman, Senior Independent Non-Executive Director*);
- (b) Leong So Seh (*Independent Non-Executive Director*);
- (c) Teo Leng (*Independent Non-Executive Director*); and
- (d) Raymond Wong Kwong Yee (*Non-Independent Non-Executive Director*).

The Audit & Governance Committee will review the procedures in Section 2.6 on a yearly basis or such frequency as the Audit & Governance Committee considers appropriate having regard to the value and the frequency of the RRPT. Southern Acids has put in place adequate procedures and processes to monitor, track and identify such transactions in a timely and orderly manner to ensure that the RRPT are carried out on arms' length basis and made in the ordinary course of business on terms which are not more favourable to the Related Party than those generally available to the public and will not be detrimental to the interest of the minority shareholders of the Company.

3. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the issued and paid-up share capital, net tangible assets and earnings per share of SAB.

4. APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to the approval of the shareholders of SAB at the forthcoming AGM to be convened.

5. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the other directors, major shareholders and/or person(s) connected to them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate:

Interested major shareholders and/or directors of SAB	Transacting Related Party	Equity interest in Transacting Related Party				Equity interest in SAB			
		Direct		Indirect		Direct		Indirect	
		No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
TSLBE	SRM	1,103,400	0.86	80,709,030	62.64 ⁽¹⁾	2,487	0.002	65,626,507	47.93 ⁽⁹⁾
	SEO	5,000	0.03	9,996,000	49.98 ⁽²⁾	-	-	-	-
	BRP	-	-	9,711,000	100.00 ⁽³⁾	-	-	-	-
	SKP	-	-	2,016,000	67.20 ⁽⁴⁾	-	-	-	-
LKL	SRM	10,000	0.01	75,987,910	58.98 ⁽⁵⁾	49,276	0.04	69,053,759	50.43 ⁽¹⁰⁾
	SEO	100,000	0.50	10,130,005	50.65 ⁽⁶⁾	-	-	-	-
	BRP	-	-	9,711,000	100.00 ⁽⁷⁾	-	-	-	-
	SKP	-	-	2,031,001	67.70 ⁽⁸⁾	-	-	-	-

Notes: -

- (1) Deemed interested by virtue of the interests held by his brother, Low Boon Lai and by virtue of his shareholdings in Eng Leong Holdings Sdn Bhd, Banting Hock Hin Estate Company Sdn Bhd, Low Boon Eng Sdn Bhd and Southern Real Asset Sdn Bhd;
- (2) Deemed interested by virtue of the interests held by brothers (Low Boon Lai and Low Boon Poh), sisters (Low Chiau Siang & Low Chiew Huay, Low Chu Mooi & Low Choo Hong and Low Sow Kim & Low Chiew Geok), mother, Estate of Lee Chen Thau (deceased), and by virtue of his shareholdings in Southern Hock Joo Plantation Sdn Berhad, Banting Hock Hin Estate Company Sdn Bhd and SRM;
- (3) Deemed interested by virtue of his interest in SRM, the holding company of BRP;
- (4) Deemed interested by virtue of his shareholdings in SAB, SEO, SRM, Victory Investment Co Sdn Bhd and Banting Hock Hin Estate Company Sdn Bhd;

5. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS (CONT'D)

- (5) Deemed interested by virtue of the interests held by his father Lim Boon Eng, brother Lim Keng Hock @ Lim King Hok and by virtue of his shareholdings in Banting Hock Hin Estate Company Sdn Bhd and Lim Thye Peng Realty Sdn Bhd, Southern Real Assets Sdn Bhd;
- (6) Deemed interested by virtue of the interests held by his brothers (Lim Keng Hock @ Lim King Hok, Lim King Pau @ Lim Kim Pau and Lim King Sai), and by virtue of his shareholdings in Southern Hock Joo Plantation Sdn Berhad, Banting Hock Hin Estate Company Sdn Bhd, Lim Thye Peng Realty Sdn Berhad and SRM;
- (7) Deemed interested by virtue of his interest in SRM, the holding company of BRP;
- (8) Deemed interested by virtue of the interest held by his father, Lim Boon Eng and by virtue of his shareholdings in SAB, SEO, SRM, Victory Investment Co Sdn Bhd and Banting Hock Hin Estate Company Sdn Bhd;
- (9) By virtue of his interest in Southern Cocoa Products (M) Sdn Bhd, Banting Hock Hin Estate Company Sdn Bhd, Southern Realty (Malaya) Sdn Berhad, Southern Hock Joo Plantation Sdn Berhad, Naga Wira Sdn Berhad, Bekalan Utama Sdn Berhad, Southern Edible Oil Industries (M) Sdn Berhad, Southern Palm Industries Sdn Berhad and Eng Leong Holdings Sdn Bhd, and his spouse and children; and
- (10) By virtue of his interest in Southern Cocoa Products (M) Sdn Bhd, Banting Hock Hin Estate Company Sdn Bhd, Southern Realty (Malaya) Sdn Berhad, Southern Hock Joo Plantation Sdn Berhad, Naga Wira Sdn Berhad, Bekalan Utama Sdn Berhad, Southern Edible Oil Industries (M) Sdn Berhad, Southern Palm Industries Sdn Berhad and Lim Thye Peng Realty Sdn Bhd, and his spouse.

Accordingly, TSLBE and LKL have abstained and will continue to abstain from all Board deliberations and voting on the resolution approving the Proposed Renewal of Shareholders' Mandate.

The above-mentioned interested directors and interested major shareholders will abstain from voting in respect of their direct and/or indirect interests in SAB at the forthcoming AGM to consider the resolution in respect of the Proposed Renewal of Shareholders' Mandate. In addition, they will ensure that persons connected to them will abstain from voting on the resolution, deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

6. DIRECTORS' RECOMMENDATION

After taking into consideration all aspects of the Proposed Renewal of Shareholders' Mandate, your Board, with the exception of TSLBE and LKL who have abstained from expressing any opinion on the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Company and its shareholders.

Accordingly, SAB Board, save for TSLBE and LKL, recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

7. ANNUAL GENERAL MEETING

The Thirty-Third AGM, the Notice of which is enclosed in the Annual Report 2014 of the Company will be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on 25 September 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the Proxy Form which is enclosed in the Annual Report 2014 in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Company's Registered Office at 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan, not less than forty eight (48) hours before the time set for the AGM. The sending of Proxy Form does not preclude you from attending and voting in person should you subsequently wish to do so.

8. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors
SOUTHERN ACIDS (M) Berhad

Chung Kin Mun
Senior Independent Non-Executive Director

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FURTHER INFORMATION**1. Responsibility Statement**

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

2. Material Contracts

Southern Acids have not entered into any material contract within two (2) years immediately preceding the date of this Circular other than contracts entered in the ordinary course of business.

3. Claims

On 7 April 2010, Southern Management (M) Sdn. Bhd. ("SMSB"), a wholly owned subsidiary company of the Company, was served with a Writ of Summons and Statement of Claim filed by Southern Palm Industries Sdn. Berhad ("SPI"), a major shareholder of the Company, against SMSB and seven (7) other defendants. The claim is for fraud and breach of fiduciary duties allegedly committed by SMSB and other defendants in relation to loans extended by SPI in prior years to two (2) companies in which certain employees of SMSB holds directorship. The sums claimed are for repayment of cost of funds of approximately RM62.0 million, plus further interest and costs.

The Company had on 10 July 2014 appointed Messrs David Lai & Tan as the Company new solicitors. The lawyer in charge, Mr. David Lai has been given the instruction to contact the counterparty's solicitors immediately to get the latest status and seeking solution to the alleged claim.

At this juncture to the best knowledge of the Board, none of the seven other defendants have filed their defence. Hence, the directors of the Company are unable to ascertain whether there would be any material financial impact on Southern Acids arising from the above-said claim.

4. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of SAB during normal office hours on any weekday (except public holidays) from the date of this Circular up to and including the date of the forthcoming AGM:

- (i) Memorandum and Articles of Association of SAB;
- (ii) The audited financial statements of SAB for the financial years ended 31 March 2013 and 31 March 2014; and
- (iii) Cause papers in respect of the claims stated in Section 3 above.



SOUTHERN ACIDS (M) BERHAD

Company No: 64577-K
(Incorporated in Malaysia)

Registered Office:

9, Jalan Bayu Tinggi 2A/KS6,
Taipan 2, Batu Unjur,
41200 Klang,
Selangor Darul Ehsan.

3 September 2014

The Board of Directors:

Tan Sri Dato' Low Boon Eng (*Non-Independent Non-Executive Chairman*)
Lim Kim Long (*Non-Independent Executive Director*)
Cheong Kee Yoong (*Non-Independent Executive Director*)
Chung Kin Mun (*Senior Independent Non-Executive Director*)
Mohd. Hisham bin Harun (*Non-Independent Non-Executive Director*)
Leong So Seh (*Independent Non-Executive Director*)
Teo Leng (*Independent Non-Executive Director*)
Raymond Wong Kwong Yee (*Non-Independent Non-Executive Director*)
Datuk Seri Panglima Sulong Bin Matjeraie (*Independent Non-Executive Director*)

To: **The Shareholders of Southern Acids (M) Berhad**

Dear Sir/Madam,

SECTION B

PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. INTRODUCTION

On 19 August 2014, SAB Board announced that we propose to seek your approval on the Proposed Amendments at the forthcoming AGM.

The purpose of this Section B of the Circular is to provide you with the details of the Proposed Amendments and to seek your approval for the special resolution in relation to the Proposed Amendments to be tabled at our forthcoming AGM, to be convened at Function Room 1, Setia City Convention Centre, No 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor on Thursday, 25 September 2014 at 10.00 a.m..

The Notice of AGM together with the Form of Proxy are set out in the Company's Annual Report for the financial year ended 31 March 2014, which is despatched together with this document.

2. DETAILS AND RATIONALE FOR THE PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Proposed Amendments are to streamline the Company's Articles of Association with the provisions of the Act and Listing Requirements.

The details of the Proposed Amendments are set out in Appendix II of this circular.

3. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Amendments.

4. FINANCIAL EFFECTS OF THE PROPOSED AMENDMENTS

The Proposed Amendments will not have any effect on the share capital, net assets, gearing and earnings of the Company.

5. APPROVALS REQUIRED

The Proposed Amendments to the Company's Articles of Association is subject to the approval of the shareholders at the forthcoming Thirty-Third AGM.

6. DIRECTORS' RECOMMENDATION

After considering all aspects of the Proposed Amendments to the Company's Articles of Association, the Board is of the opinion that the Proposed Amendments to the Company's Articles of Association is in the best interest of the Company and therefore, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Amendments to the Company's Articles of Association to be tabled at the forthcoming AGM.

7. ANNUAL GENERAL MEETING

The Thirty-Third AGM, the Notice of which is enclosed in the Annual Report 2014 of the Company will be held at Function Room 1, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on 25 September 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the special resolution to give effect to the Proposed Amendments to the Company's Articles of Association.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the Proxy Form which is enclosed in the Annual Report 2014 in accordance with the instructions therein as soon as possible and in any event so as to arrive at the Company's Registered Office at 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan, not less than forty eight (48) hours before the time set for the AGM. The sending of Proxy Form does not preclude you from attending and voting in person should you subsequently wish to do so.

8. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board of Directors
SOUTHERN ACIDS (M) Berhad

Chung Kin Mun
Senior Independent Non-Executive Director

SOUTHERN ACIDS (M) BERHAD

Company No: 64577-K
(Incorporated in Malaysia)

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Proposed Amendments to the Articles of Association involved the following amendments:-

Article No	Existing Articles		Proposed Amendments to Articles		Rationale
2	<u>WORDS</u>	<u>MEANINGS</u>	<u>WORDS</u>	<u>MEANINGS</u>	
	-	-	Authorised Nominee	shall have the same meaning in Section 2(1) of the Central Depositories	
	Central Depository	The Bursa Malaysia Depository Sdn Bhd (Company No: 165570-W)	Central Depository or Depository	means the Bursa Malaysia Depository Sdn. Bhd. (Company No. 165570-W) or such other name(s) as may be adopted from time to time.	
	-	-	Exempt Authorised Nominee	means an authorised nominee (as defined under the Central Depositories Act) which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act	
	Prescribed Securities	Securities and the meaning given in Section 2 of the Securities Commission Act 1993.	Prescribed Securities	means securities as defined in Section 2(1) of the Capital Market Services Act, 2007 as amended from time to time and any re-enactment thereof.	
5 (a)	<u>Restrictions on issue of shares</u>		<u>Employee Share Issue</u>		
	No Director shall participate in an issue of shares to employees of the Company unless the shareholders in general in general meeting have approved of the specific allotment to be made to such Director and unless he holds office in the Company in an executive capacity.		No Director shall participate in a Share Issuance Scheme, unless the Members in a general meeting have approved of the specific issue or allotment of shares to be made to such Director.		Pursuant to Para 7.03 of the Listing Requirements

Article No	Existing Articles	Proposed Amendments to Articles	Rationale
58 (a)	<p>Notice of Meeting</p> <p>Subject to the provisions of the Act as to Special Resolutions and special notice and the provisions of the Listing Requirements as to Annual General Meetings, at least twenty-one (21) days' notice in writing (exclusive both of the date on which the notice is served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to any Stock Exchange upon which the Company may be listed Provided Always that a General Meeting notwithstanding that it has been called by a shorter notice than that specific above shall be deemed to have been duly called if it is so agreed.</p>	<p>Notice of Meetings</p> <p>Subject to the provisions of the Act relating to convening meetings to pass special resolutions, every notice convening meetings shall specify the place, the day and the hour of the meeting. The notices must also include the date of the Record of Depositors, as at the latest date which is reasonably practical and in any event shall not be less than three (3) market days before the meeting for the purpose of determining whether a depositor shall be regarded as a Member entitled to attend, speak and vote at the meeting. The notices shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall specify the general nature of such business and shall also be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner mentioned in these Articles to all Members and to such persons as are under the provisions of these Articles or the Act entitled to receive notice of general meetings from the Company.</p>	<p>Pursuant to Para 9.19(6) of the Listing Requirements</p>
74	<p>Instrument appointing proxy to be in writing</p> <p>The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or of his attorney duly authorized in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a member of the Company and the provisions of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.</p>	<p>Instrument appointing proxy to be in writing</p> <p>There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</p>	<p>Pursuant to Para 7.21A(1) And (2) of the Listing Requirements</p>
76A	<p>Authorized nominee's right</p> <p>Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.</p>	<p>Authorized nominee's right</p> <p>Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</p> <p>An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A of (1) SICDA.</p>	<p>Pursuant to Para 7.21(1) of the Listing Requirements</p> <p>Pursuant to Para 7.21(2) of the Listing Requirements</p>

Article No	Existing Articles	Proposed Amendments to Articles	Rationale
117	<p><u>Dividend warrants to be sent to Members by post</u></p> <p>(i) Subject to the provision of the Act, The Central Depositories Act and The Rules, The Listing Requirements and / or Regulatory Authorities, payment of Dividend may be made by direct transfer or such other mode of electronic means to the bank account of the holder whose name appear in the Record of Depositors or, if more than one (1) person is entitled thereto in consequence of the death or bankruptcy of the holder, payment in such manner to the bank account of any one of such persons or to the bank account of such person as such persons may by writing direct. The payment of any dividend by such electronic means shall constitute a good and full discharge to the Company of the dividend to which it relates regardless of any discrepancy given by the Member in the details of bank account(s).</p> <p>(ii) Subject to the provision of the Act, the Central Depositories Act and the Rules, any dividend, interest or other money payable in cash in respect of shares may be paid by banker's draft, money order, cheque or warrant sent through the post to the address of the holder. Every such draft, money order, cheque or warrant shall be made payable to the order of the persons to whom it is sent and payment of same if purporting to be endorsed shall be a good discharge to the Company, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such draft, money order, cheque or warrant shall be sent at the risk of the persons entitled to the money represented thereby.</p>	<p><u>Electronic Payment of Cash Distributions</u></p> <p>(i) A listed issuer must pay all cash distributions to its securities holders by directly crediting the payments into the securities holders' bank accounts as provided to the Depository from time to time.</p> <p>(iii) Where a listed issuer's securities holders have provided to the Depository the relevant contact details for purposes of electronic notifications, the listed issuer must notify them electronically once the listed issuer has paid the cash distributions out of its account.</p> <p>(iv) For the purpose of this paragraph, "cash distributions" means cash payments made by a listed issuer in respect of its securities which are listed and quoted for trading on the Exchange, as prescribed by the Exchange from time to time which include :-</p> <p>(a) cash dividends;</p> <p>(b) payments of interest or profit rates on debt securities or sukuk respectively;</p> <p>(c) income distributions made by collective investment schemes;</p> <p>(d) capital repayment; and</p> <p>(e) cash payments in lieu of odd lots arising from distributions in specie.</p>	<p>Pursuant to Para 8.26A of the Listing Requirements</p>

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