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If you are in any doubt about the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional advisers immediately.

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THREE-A RESOURCES BERHAD

(Company No. 481559-M)
(Incorporated in Malaysia under the Companies Act, 1965)

STATEMENT TO SHAREHOLDERS IN RELATION TO THE

PROPOSED RENEWAL OF AUTHORITY FOR THE SHARE BUY BACK

The above proposal will be tabled as Special Business at the Company's Thirteenth Annual General Meeting ("AGM") which is to be held at Ballroom, Level 1, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday 5 May 2015 at 11.00 am. The Notice of the Thirteenth AGM and the Form of Proxy are set out in the 2014 Annual Report despatched together with this Statement.

Please complete and return your Form of Proxy in accordance with the instructions thereon as soon as possible to the Registered Office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19 Kampung Baru Sungai Buloh, 40160 Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday 3 May 2015 at 11.00 a.m.

Date and time of the AGM : Tuesday 5 May 2015 at 11.00 a.m.

This Statement is dated 8 April 2015

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PROPOSED RENEWAL OF AUTHORITY FOR THREE-A RESOURCES BERHAD (“3A” OR “THE COMPANY”) TO PURCHASE UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF THE COMPANY

1.0 INTRODUCTION

At the Company’s Twelfth Annual General Meeting (“AGM”), which was held on 28 May 2014, the Board of Directors of 3A obtained a renewal of the authority from the Company’s shareholders to undertake a Share Buy-Back of up to 10% of the issued and paid up share capital of the Company (“Proposed Share Buy-Back”).

The authority to undertake the Proposed Share Buy-Back, in accordance with Chapter 12 of the Listing Requirements of Bursa Securities will lapse at the conclusion of the forthcoming AGM unless the authority is renewed.

The Board proposes to seek authorization for a further renewal of the approval from the shareholders of the Company for the Proposed Share Buy-Back. The purpose of this Statement is to provide you with information on the Proposed Share Buy-Back and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming Thirteenth AGM to be convened at Ballroom, Level 1, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 5 May 2015 at 11.00 a.m.

Consequently, on 16 March 2015, the Company had made the announcement to the Bursa Securities pertaining to the above-mentioned proposal.

2.0 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board of Directors proposes to seek the approval from the shareholders of the Company to renew the authority to purchase and/or hold up to 10% of the existing issued and paid up share capital of 3A at any given point in time, subject to compliance with Section 67A of the Companies Act, 1965 and all other applicable and prevailing laws, rules, regulations, orders, guidelines and requirements.

The authorization for the Proposed Share Buy-Back will be effective immediately upon the passing of the Ordinary Resolution at 3A’s Thirteenth AGM until:-

- (a) the conclusion of our next AGM of 3A (following the general meeting at which such ordinary resolution is passed) 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 after that date 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 occurs first.

In compliance with Paragraph 12.10 of the Bursa Securities LR, the maximum amount of funds to be utilized for the Proposed Share Buy-Back shall not exceed the aggregate of the retained profits or the share premium account of the Company or both, subject to compliance with Section 67A of the Act and any prevailing laws, including compliance with at least 25% of the total listed shares (excluding treasury shares) or such lower percentage of shareholding spread as they be allowed by Bursa Securities, as required by Paragraph 8.02(1) of Bursa Securities LR. The details of the share premium account and retained profits of 3A are as follows:-

Audited Results for the Financial year ended
31 December 2014

Company Level

Share Premium	RM70,366,858
Retained Profits	RM18,316,476

Total	RM88,683,334
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Based on the above, the Company shall allocate an amount not exceeding RM88,683,334 (being the total share premium account and retained profits respectively) based on the audited financial statements for the financial year ended 31 December 2014 in accordance with Paragraph 12.10 of Bursa Securities LR.

The Proposed Share Buy Back would allow the Board of 3A to exercise the power of the Company to purchase its own shares of up to 10% of the issued and paid-up share capital at any time within the time period mentioned using internally generated funds and/or borrowings. The Proposed Share Buy Back will be funded from internally generated funds and/or borrowings. In the event the Proposed Share Buy Back is to be partly financed by external borrowings, the Board will ensure that 3A will be capable of repaying such external borrowings and that such funding is not expected to have any material effect on the cash flow of the Company. The amount of the funds to be utilized would only be determined later depending on the actual number of 3A Shares to be purchased, the availability of funds at the time of purchase(s) depending on the market conditions and sentiments of the share market.

Pursuant to Paragraph 12.17 of the Bursa Securities LR, the Company shall purchase its own Shares on Bursa Securities at a price which is not more than fifteen percent (15%) above the weighted average market price of the Company's Shares for the five (5) market days immediately before the date of the purchase(s). Pursuant to Paragraph 12.18 of the Bursa Securities LR, the Company may only resell the Purchased Shares held as treasury shares on Bursa Securities at:-

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

Upon completion of buy-back by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so purchased in any of the following manners:-

- a) cancel the Shares so purchased; or
- b) retain the Shares so purchased as treasury shares and held by the Company; or
- c) retain part of the Shares so purchased as treasury shares and cancel the remainder.

In the event the Company retains the purchased 3A Shares as treasury shares, the said 3A Shares may either be distributed as dividends to shareholders and/or resold in the open market in accordance with the relevant rules of the Bursa Securities and/or subsequently cancelled or any combination of the three and in any other manner. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or share premium account of the Company subject to applicable Prevailing Laws.

3.0 RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back, if implemented, is likely to potentially benefit the Company and its shareholders in the following manners:-

- 3.1 The Company may be able to stabilise the supply and demand of 3A Shares traded on Bursa Securities and thereby support its fundamental value;
- 3.2 The Group is able to utilize its financial resources, that it has no immediate usage, for the purchase of its shares;
- 3.3 The shareholders' value will be enhanced from a resultant reduction in the number of shares in the market, all things being equal. In addition, this may increase the earnings per share ("EPS") when the shares so purchased are cancelled, thereby making the shares more attractive to investors; and
- 3.4 The Company would have the opportunity to distribute the treasury shares as share dividends, thus benefiting the shareholders. The treasury shares may also be resold on the open market of Bursa Securities at a price higher than the purchase price, thereby realizing a potential gain for the Group without affecting the Company's issued and paid-up share capital.

4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back will reduce

- 4.1 the financial resources of 3A, which may result in the Group foregoing other investment opportunities that may emerge in the future;
- 4.2 the reserves available for distribution in the form of cash dividends to shareholders of the Company, in the event that the purchased shares are cancelled, or if the purchased shares are held as treasury shares and are subsequently resold on Bursa Securities at a loss.

Notwithstanding the above, the Board is of the view that the Company has sufficient surplus funds without adversely affecting its ability to take on investment opportunities that may arise in the future or to make cash dividend payments to the shareholders.

If the purchased shares are kept as treasury shares, the Company may have the opportunity to realise capital gains if they are resold on Bursa Securities at a price higher than their purchase price. Alternatively, the purchased shares can be distributed as share dividends to shareholders.

5.0 EFFECTS OF THE PROPOSED SHARE BUY-BACK

5.1 Share Capital

The effect of the Proposed Share Buy-Back on the share capital of 3A will depend on the treatment of the purchased shares.

Based on the assumption that the maximum number of 3A Shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the effect on the issued and paid-up share capital of 3A would be as follows:-

	No, of 3A Shares of RM0.20 each	RM
Existing issued and paid-up share capital of RM0.20 each as at 31 March 2015	393,600,019	78,720,003
<u>Less:</u> Maximum number of 3A Shares that may be purchased	39,360,001	7,872,000

Issued and paid-up share capital after Proposed Share Buy-Back	354,240,018	70,848,003
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The Proposed Share Buy-Back will result in the reduction of the Company's issued and paid-up share capital if 3A Shares so purchased are cancelled.

However, the Proposed Share Buy-Back would have no effect on the issued and paid-up share capital of 3A assuming all Purchased Shares are to be retained as treasury shares, resold or distributed as share dividends to shareholders but the rights attaching to the treasury shares in relation to voting, dividends and participation in any other distribution or otherwise are suspended.

5.2 Earnings

There will be a positive effect to net EPS owing to the reduced capital and if the 3A Shares purchased are subsequently resold at a gain in the open market.

5.3 Net Assets (NA)

The effect of the Proposed Share Buy-Back on the consolidated NA of 3A depends on the price, number of shares, the effective cost of funding and treatment at which 3A shares are purchased and resold.

The consolidated NA will decrease if the purchase price exceeds the consolidated NA per share while the consolidated NA will increase if the purchase price is less than the consolidated NA per share.

The consolidated NA will also increase if a gain is realised from the resale of treasury shares.

5.4 Working Capital and Cash Flow

The share repurchased will result in the outflow of cash and thereby reduce the working capital of the 3A Group, the quantum of which is dependent on the purchase price of the 3A Shares and the number of 3A Shares repurchased and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of 3A and the shareholders. In undertaking the Proposed Share Buy Back and will assess the cash flow and working capital needs of the 3A Group prior to any repurchase of the 3A Shares. The working capital and cash flow of the Company will increase upon reselling of 3A Shares purchased which are retained as treasury shares. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold.

5.5 Dividend

The Proposed Share Buy Back, if carried out, may reduce the cash available, which may otherwise be used for the dividend payment. Nonetheless, if the 3A Shares so purchased are retained as treasury shares, the treasury shares may be distributed as dividends to shareholders of the Company if the Company so decides.

5.6 EPS

Assuming that the Purchased Shares under the Proposed Share Buy-Back are cancelled, the Proposed Share Buy-Back may increase the EPS of 3A Group. Similarly, on the assumption that the Purchased Shares are treated as treasury shares and subsequently resold, the extend of the effect on the earnings of 3A Group will depend on the actual selling price, the number of treasury shares resold and the effective gain arising. In the event, the Purchased Shares are held as treasury shared i.e. neither cancelled or resold, the effective reduction in the issued and paid-up share capital of 3A pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company.

5.6 Directors' and Major Shareholders' Shareholdings

The effect of the Proposed Share Buy-Back on the shareholdings of the Directors and the major shareholders of 3A as at 27 March 2015, assuming that 3A purchases from parties other than the Directors and the major shareholders, is as follows:-

a) Directors' Shareholdings

Name of Director	As at 27.03.2015				After Proposed Share Buy-Back			
	Direct No. of 3A Shares Held	%	Indirect No. of 3A Shares Held	%	Direct No. of 3A Shares Held	%	Indirect No. of 3A Shares Held	%
Fang Chew Ham	100,000	0.03	120,200,960 ¹	30.54	100,000	0.03	120,200,960 ¹	33.93
Fong Chu King @ Tong Chu King	10,950,000	2.78	29,040,860 ²	7.38	10,950,000	3.09	29,040,860 ²	8.19
Dato' Mohd Nor Bin Abdul Wahid	438,000	0.11	0	0	438,000	0.12	0	0
Tan Chon Sing @ Tan Kim Tieng	1,488,000	0.38	2,200,000 ³	0.56	1,488,000	0.42	2,200,000 ³	0.61
Chew Eng Chai	160,000	0.04	7,000 ⁴	0.00	160,000	0.04	7,000 ⁴	0
Liew Kuo Shin (Alternate Director to Fong Chu King @ Tong Chu King)	0	0	0	0	0	0	0	0
Fang Siew Yee	0	0	80,520,000 ⁵	20.45	0	0	80,520,000 ⁵	22.73
Fang Siew Ping (Alternate Director to Fang Siew Yee)	0	0	80,520,000 ⁶	20.45	0	0	80,520,000 ⁶	22.73
Mohd Zaki Bin Hamzah	500,000	0.13	0	0	500,000	0.14	0	0
Khoo Wee Boon	0	0	0	0	0	0	0	0
Kwek Ju-Yang, Mark	0	0	0	0	0	0	0	0
Sun Yi-Ling, Alternate Director to Kwek Ju-Yang	0	0	0	0	0	0	0	0
Sun You Ning	0	0	0	0	0	0	0	0

Notes:

1. Indirect interest via shareholdings of his siblings namely Fong Chu King @ Tong Chu King, Foong Chiew Fatt, Fong Chiew Hean and Fang Chew Ham Holdings Sdn. Bhd.
2. Indirect interest via shareholdings of his siblings namely Foong Chiew Fatt, Fong Chiew Hean and his son Fong Peng Fai
3. Indirect interest via shareholdings of his wife, Ng Faai @ Ng Yoke Pei
4. Indirect interest via shareholdings of his wife, Lim Tong Lean
5. Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd.
6. Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd.

b) Major Shareholders' Shareholdings

Name of Major Shareholder	As at 27.03.2015				After Proposed Share Buy-Back			
	Direct No. of 3A Shares Held	%	Indirect No. of 3A Shares Held	%	Direct No. of 3A Shares Held	%	Indirect No. of 3A Shares Held	%
Fang Chew Ham Holdings Sdn. Bhd.	80,420,000	20.43	0	0	80,420,000	22.70	0	0
Wilmar International Limited	61,600,000	15.65	0	0	61,600,000	17.39	0	0
Amanahraya Trustees Berhad	38,065,500	9.67	0	0	38,065,500	10.74	0	0
JF. Apex Nominees (Tempatan) Sdn. Bhd.	27,839,640	7.07	0	0	27,839,640	7.86	0	0

6.0 RISK FACTORS FOR THE PROPOSED SHARE BUY-BACK

The Board is not aware of any risk factors relating to the Proposed Share Buy-Back which could have a material adverse effect on the business or financial position of 3A Group.

7.0 IMPLICATION OF THE PROPOSED SHARE BUY-BACK ON THE CODE

Pursuant to Practice Note 9 Paragraph 10.1 of the Code, a person and any parties acting in concert with him will be required to make a mandatory offer for the remaining Shares of the Company not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33% or if his/her/their shareholding is between 33% and 50% and increases by another 2% in any six (6) month period.

However, an exemption from mandatory offer obligation may be granted by the SC under Practice Note 9 Paragraph 24.1 of the Code subject to the Parties Acting in Concert complying with the conditions stipulated in the Practice Note.

The Company intends to implement the Proposed Share Buy-Back in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Share Buy-Back.

In the event that 3A decides to purchase its own shares which will result in the increase of the Parties Acting in Concert's shareholdings in 3A to more than 2% in any six (6) month period, the Parties Acting in Concert will seek a waiver from the SC under Practice Note 9 Paragraph 24.1 before the Company purchases such Shares.

8.0 PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

There has not been any purchase of own shares by 3A in the previous twelve (12) months preceding the date of this statement. As at the date of this statement, the Company does not hold any treasury shares.

9.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of 3A shares as traded in Bursa Securities for the past twelve (12) months from March 2014 to February 2015 are as follows:-

Year	High RM	Low RM
2014		
March	0.925	0.88
April	0.945	0.88
May	0.955	0.875
June	0.905	0.885
July	0.97	0.875
August	1.04	0.935
September	1.00	0.92
October	0.96	0.855
November	0.955	0.91
December	0.90	0.73
2015		
January	1.04	0.86
February	1.02	0.95

The last transacted price of 3A Shares on 13 March 2015, being the LPD prior to announcement on Share Buy-Back RM0.920

The last transacted price of 3A Shares on 31 March 2015, being the LPD prior to the date of printing of this Circular RM0.900

10.0 PUBLIC SHAREHOLDING SPREAD

The Company will not undertake any Proposed Share Buy-Back if that will result in breach of Paragraph 8.02(1) of the Bursa Securities LR. Which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares (excluding treasury shares) or such lower percentage of shareholding spread as may be allowed by Bursa Securities. The Board is mindful of the shareholding spread requirement and will continue to be mindful of such requirement when making any purchase of 3A Shares by the Company.

As at 27 March 2015, the public shareholding spread of the Company was 35.78%. The public shareholding spread is expected to be reduced to approximately 28.65% in the event the Proposed Share Buy-Back is implemented in full, with all purchases being from public shareholders, and all purchased 3A Shares are held as treasury shares.

As at the date hereof, the Company has yet to determine the actual percentage of its own shares to be purchased pursuant to the Proposed Share Buy-Back. However, the Company is mindful of the above implication relating to the public shareholding spread and will use its best endeavours in purchasing its own shares to such an extent that it will not result in the Company being in breach of the minimum requirement of public shareholding spread of 25%.

11.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company has any interest, direct or indirect, in the Proposed Share Buy-Back. In addition, none of the persons connected with the Directors and/or major shareholders of the Company has any interest, direct or indirect, in the Proposed Share Buy-Back.

Under the Listing Requirements, any purchase by the Company of its own shares and/or resale of its treasury shares can only be effected in the open market. Therefore, none of the Directors, major shareholders or persons connected with them has or will have an interest, direct or indirect, in the Proposed Share Buy-Back.

12.0 APPROVAL REQUIRED

The Proposed Share Buy-Back is subject to the approval of the shareholders at the forthcoming Twelfth Annual General Meeting.

13.0 DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Share Buy-Back, the Board is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company.

Accordingly, your Directors recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

14.0 FURTHER INFORMATION

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

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of 3A and they collectively and individually accept full responsibility for the accuracy of the information given 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 herein misleading.

2. MATERIAL LITIGATION

Neither 3A nor its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of 3A do not have any knowledge of any proceedings, pending or threatened, against the Company and/or its subsidiary companies or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Company and/or its subsidiaries.

3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by 3A and its subsidiary companies within the two (2) years immediately preceding the date of this Statement.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company following the publication of this Statement from Mondays to Fridays (except Public Holidays) during business hours up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association of 3A;
- (b) the audited consolidated financial statements of 3A for each of the past two (2) financial years ended 31 December 2013 and 31 December 2014

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