

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The above proposal will be tabled as Special Business at the Fifteenth Annual General Meeting ("AGM") of Three-A Resources Berhad ("3A" or "Company") which will be held at Ballroom, Level 1, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 11 May 2017 at 11.00 a.m. The notice of the AGM and the Form of Proxy are enclosed together with the Annual Report 2016 of 3A despatched together with this Circular.

You are entitled to attend and vote at the AGM of the Company or to appoint a proxy or proxies to attend and vote on your behalf. The completed Form of Proxy must be lodged at the Registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan, Malaysia on or before the date and time indicated below should you be unable to attend the meeting. The lodging 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.

Last date and time for lodging the Form of Proxy: Tuesday, 9 May 2017 at 11.00 a.m.

Date and time of the AGM.....: Thursday, 11 May 2017 at 11.00 a.m.

This Circular is dated 18 April 2017

DEFINITIONS

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

- “3A” or “Company” : Three-A Resources Berhad (481559-M)
- “3A Group” or “Group” : 3A and its subsidiary companies collectively
- “3A Share(s)” or “Shares” : Ordinary issued share(s) in 3A
- “Act” : Companies Act, 2016, as amended from time to time
- “AGM” : Annual General Meeting
- “Board” : Board of Directors of 3A
- “Bursa Securities” : Bursa Malaysia Securities Berhad (635998-W)
- “Circular” : Circular to shareholders dated 18 April 2017 in relation to Proposed Shareholders’ Mandate
- “Director” : Has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon: -
- (i) a Director of 3A, its subsidiary or holding company (if any); or
 - (ii) a chief executive of 3A, its subsidiary or holding company (if any).
- “LPD” : 20 March 2017, being the latest practicable date prior to the printing of this Circular
- “Listing Requirements” : The Main Market Listing Requirements of Bursa Securities, as amended from time to time
- “Major Shareholder” : A person who (which includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon) has an interest or interests in one or more voting shares in 3A, its subsidiary or its holding company and the total number of that issued share, or the aggregate of the total number of those issued shares, is:-
- (a) 10% or more of the aggregate of the total number of all voting shares in 3A; or
 - (b) 5% or more of the aggregate of the total number of all the voting shares in 3A where such person is the largest shareholder of 3A.

For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act.

DEFINITIONS (CONT'D)

“Person connected”	: In relation to a Director or Major Shareholder, means such person who falls under any one of the following categories: (a) a family member of the Director or Major shareholder; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary; (c) a partner of the Director, Major Shareholder or a partner of a Person Connected with that Director or Major Shareholder; (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (g) a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; (h) a body corporate in which the Director or Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or (i) a body corporate which is a related corporation.
“Proposed Shareholders’ Mandate”	: Proposed renewal of the existing and new shareholders’ mandate for recurrent related party transactions as set out in Section 2.4 of this Circular
“Related Party” or “Related Parties”	: A Director, Major Shareholder or Person Connected with such Director and/or Major Shareholder
“Recurrent Transactions / “RRPT(s)”	: Related party transactions which are recurrent, of a revenue or trading nature which are necessary for day-to-day operations and are in the ordinary course of business of 3A Group
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Seong Chan”	: Seong Chan Sauce & Foodstuff Sdn Bhd (169817-V)
“SSSFI”	: San Soon Seng Food Industries Sendirian Berhad (179092-H), a wholly-owned subsidiary of 3A
“TA(Q)”	Three-A (Qinhuangdao) Food Industries Co. Ltd, a 50% equity jointly controlled entity via TAFISB with Yihai Kerry Investments Co. Ltd., a wholly-owned subsidiary of Wilmar International Limited

DEFINITIONS (CONT'D)

“TAFISB” : Three-A Food Industries (M) Sdn. Bhd. (804938-V), a wholly-owned subsidiary of 3A

All references to “our Company” in this Circular are to 3A. References to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company and where the context requires, shall include our subsidiaries.

All references to “you” in this Circular are to our shareholders.

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

Any reference in this Circular to any enactment is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

TABLE OF CONTENTS

Circular to Shareholders in relation to the Proposed Shareholders' Mandate

	Particulars	Page
1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE	2
	2.1 Proposed Shareholders' Mandate	2-3
	2.2 Principal Activities of the 3A Group	3
	2.3 Classes of Related Parties of Recurrent Transactions	3-4
	2.4 Nature of the RRPT and Estimated Value	4-6
	2.5 Outstanding RRPT Receivables	6
	2.6 Rationale and Benefits of the RRPT(s)	6
	2.7 Approval Required	7
3.	REVIEW PROCEDURES IN RELATION TO THE RRPT(S)	7
	3.1 Review Methods or Procedures	7-8
	3.2 Statement by the Audit Committee	8
4.	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM	9
5.	DIRECTORS' STATEMENT AND RECOMMENDATION	9
6.	AGM	9-10
7.	FURTHER INFORMATION	10
	APPENDIX 1 FURTHER INFORMATION	11



THREE-A RESOURCES BERHAD
(Company No. 481559-M)
(Incorporated in Malaysia)

Registered Office:

AL 308, Lot 590 & Lot 4196
Jalan Industri, U19
Kampung Baru Sungai Buloh
40160 Shah Alam
Selangor Darul Ehsan, Malaysia

18 April 2017

Directors: -

Dato' Mohd Nor Bin Abdul Wahid (*Independent Non-Executive Chairman*)
Fang Chew Ham (*Deputy Executive Chairman & Managing Director*)
Fong Chu King @ Tong Chu King (*Executive Director*)
Liew Kuo Shin (*Alternate Director to Fong Chu King @ Tong Chu King*)
Fang Siew Yee (*Executive Director*)
Fang Siew Ping (*Alternate Director to Fang Siew Yee*)
Chew Eng Chai (*Independent Non-Executive Director*)
Khoo Wee Boon (*Independent Non-Executive Director*)
Tan Chon Sing @ Tan Kim Tieng (*Independent Non-Executive Director*)
Mohd Zaki Bin Hamzah (*Independent Non-Executive Director*)
Kwek Ju-Yang, Mark (Guo Zuyang, Mark) (*Non-Independent Non-Executive Director*)
Sun Yi-Ling (Sun Yining) [*Alternate Director to Kwek Ju-Yang, Mark (Guo Zuyang, Mark)*]
Sun You Ning (*Non-Independent Non-Executive Director*)

To: The Shareholders of Three-A Resources Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

The Company had on 5 May 2016 at its AGM obtained the shareholders' mandate to allow the Group to enter into Recurrent Transactions with Related Parties. The said authority conferred by the shareholders will lapse at the conclusion of the forthcoming AGM of the Company to be held on 11 May 2017, unless the renewal of the authority is obtained from the shareholders of the Company at the forthcoming AGM.

On 17 March 2017, the Board of Directors of the Company announced the Company's intention to seek approval of its shareholders for the Proposed Shareholders' Mandate.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION THEREIN TO BE TABLED AT THE FORTHCOMING AGM.

SHAREHOLDERS ARE ADVISED TO READ THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT OUR FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Proposed Shareholders' Mandate

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company is required to seek its shareholders' mandate, with regards to RRPT(s), 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 the aggregate value is equal to or more than the following thresholds in relation to a listed issuer with an issued share capital of RM60 million and above:-
 - (i) the consideration, value of the assets, capital outlay or costs of the RRPTs is RM1 million or more; or
 - (ii) the percentage ratio of each RRPT is 1% or more,whichever is the higher;
- (c) the Company's circular to shareholders for the shareholders' mandate includes the information set out in Annexure PN12-A of Practice Note 12 of the Listing Requirements. The draft circular must be submitted to Bursa Securities for perusal together with a checklist showing compliance with such information;
- (d) in a general meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or Person Connected with the interested 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 in respect of the RRPT. The interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the RRPT;
- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, 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 the renewal of the existing shareholders' mandate for the RRPT(s) and approval for additional RRPT(s) to be entered into by the Group from the date of the forthcoming AGM until the next AGM.

Such transactions will be made on terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of 3A.

Where a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements has been procured, the requirements of Paragraph 10.08 of the Listing Requirements shall not apply to the RRPT(s) which are comprised in the shareholders' mandate. The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM shall continue to be in force until: -

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

Thereafter, approvals from the shareholders for subsequent renewals will be sought at each subsequent AGM of the Company.

2.2 Principal Activities of the 3A Group

The principal activity of 3A is investment holding. The principal activities of its subsidiaries are as follows:-

Company name	Country of Incorporation	Effective equity interest (%)	Principal activity
SSSFI	Malaysia	100	Manufacturing and selling of food and beverage ingredients
TAFISB	Malaysia	100	Investment Holding

2.3 Classes of Related Parties of Recurrent Transactions

	Transacting Related Parties	Principal Activities	Interested Related Parties	Nature of Relationship
(i)	Seong Chan	Sauce manufacturer	(1) Fang Chew Ham (2) Foong Chiew Fatt (3) Fong Chiew Hean (4) Fong Chu King @ Tong Chu King (5) Fang Siew Yee (6) Fang Siew Ping (7) Liew Kuo Shin (8) Fang Chew Ham Holdings Sdn Bhd	Note (i)
(ii)	TA(Q)	Selling of food and beverage ingredients	(1) Yihai Kerry Investments Co. Ltd. (2) Wilmar International Limited (3) Kwek Ju-Yang, Mark (Guo Zuyang, Mark) (4) Sun Yi-Ling (Sun Yining) (5) Sun You Ning	Note (ii)

Notes:

- (i) Fang Chew Ham is a Director and major shareholder of the Company. He is also a director and shareholder of Seong Chan. Fang Chew Ham Holdings Sdn Bhd is a major shareholder of the Company and a shareholder of Seong Chan.

Fang Siew Yee is a Director and a major shareholder of the Company via Fang Chew Ham Holdings Sdn Bhd. She is also the daughter of Fang Chew Ham.

Fong Chu King @ Tong Chu King is a Director and shareholder of the Company. He is also a director and shareholder of Seong Chan.

Fong Chiew Hean and Foong Chiew Fatt, are the brothers of Fang Chew Ham and Fong Chu King @ Tong Chu King and also the shareholders of the Company as well as directors and shareholders of Seong Chan.

Fang Siew Ping, who is an Alternate Director to Fang Siew Yee, is deemed interested as she is the daughter of Fang Chew Ham. Liew Kuo Shin who is an Alternate Director to Fong Chu King @ Tong Chu King is deemed interested as he is the son-in-law of Fang Chew Ham and spouse of Fang Siew Yee.

- (ii) TA(Q) is a 50% equity jointly controlled entity via TAFISB with Yihai Kerry Investments Co. Ltd., which is a wholly-owned subsidiary of Wilmar International Limited, a Major Shareholder of the Company.

Kwek Ju-Yang, Mark (Guo Zuyang, Mark), Sun Yi-Ling (Sun Yining) [*Alternate Director to Kwek Ju-Yang, Mark (Guo Zuyang, Mark)*] and Sun You Ning, the Directors of the Company are also the board representatives of Wilmar International Limited in the Company.

2.4 Nature of the RRPTs and Estimated Value

- (i) The nature of the Recurrent Transaction with Related Party of which approval is being sought under the proposed renewal of existing shareholders' mandate shall include, but not limited to those described below:-

Company in the 3A Group	Transacting parties	Nature of transaction	Estimated aggregate value of transactions disclosed in the circular to shareholders dated 12 April 2016 (RM)	Actual Value transacted from ^(a) 5 May 2016 up to the LPD (RM)	*Estimated aggregate value from date of the forthcoming AGM to the next AGM# (RM)
SSSFI	Seong Chan	Sale of finished products by SSSFI to Seong Chan [^]	1,400,000	908,220	-

SSSFI	TA(Q)	Sale of caramel sauce by SSSFI to TA(Q)	2,800,000	773,159	2,800,000
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- (ii) The nature of the Recurrent Transactions with Related Parties of which approval is being sought under the proposed new shareholders' mandate for additional RRPTs shall include, but not limited to those described below:-

Company in the 3A Group	Transacting party	Nature of transaction	Estimated aggregate value of transactions disclosed in the circular to shareholders dated 12 April 2016 (RM)	Actual Value transacted from ^(a) 5 May 2016 up to the LPD (RM)	*Estimated aggregate value from date of the forthcoming AGM to the next AGM# (RM)
SSSFI	TA(Q)	Sale of food ingredients by TA(Q) to SSSFI	-	-	5,500,000

As at LPD, there was no deviation of 10% or more between the aggregated actual value transacted for the RRPT(s) from 5 May 2016 up to the LPD, and the aggregate estimated value as disclosed in the circular to shareholders dated 12 April 2016.

Notes:-

^(a) Being the date of the approval of the previous shareholders' mandate granted to the Company at the AGM held on 5 May 2016.

* The above estimated value is based on management estimates of the value of transaction. This estimate has been arrived at by 3A Group after taking into consideration historical data and prevailing prices which are market-competitive prices based on the normal level of transactions entered into by 3A Group and/or comparable rates on an arms' length basis as well as market forces of demand and supply. This estimate is subject to change according to commercial terms, business practices and policies, and industry norms or practices.

The Proposed Shareholders' Mandate will, upon approval being obtain from the shareholders at the forthcoming AGM shall continue to be in force until: -

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

whichever is the earlier.

Thereafter, approvals from the shareholders for subsequent renewals will be sought at each subsequent AGM of the Company.

^ 3A Group does not intend to seek renewal of shareholders' mandate for this transaction.

It is anticipated that the Group would, in the normal course of business, enter into transactions with the Related Parties set out in Section 2.4 above. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.5 Outstanding RRPT Receivables

The breakdown of the principal sum and interest for the total outstanding amount due and owing under the RRPTs as at 31 December 2016 are as follows:-

No.	Nature of RRPTs	Amount of Outstanding RRPT Receivables (RM)			
		≤ 1 year	> 1 year to 3 years	> 3 years to 5 years	> 5 years
1	Sales of finished products by SSSF1 to Seong Chan	180,966.00	-	-	-
2	Sale of caramel sauce by SSSF1 to TA(Q)	-	-	-	-

There are no late payment charges imposed to the above outstanding receivables as the Directors of the Company (save and except for the interested Directors as stated in Section 2.3 of this Circular) are of the opinion that the above outstanding receivables are not substantial and are optimistic that the amount is recoverable.

As at the LPD, the above outstanding amount has been fully recovered.

2.6 Rationale and Benefits of the RRPT(s)

The RRPT(s) to be entered into by 3A Group are in the ordinary course of business. The RRPTs are undertaken on terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. All the transactions will be conducted on an arm's length basis. It is envisaged that in the normal course of the Group's business, the RRPT(s) to be entered into between 3A Group and the Related Parties are likely to occur with some degree of frequency. These transactions may be time sensitive by nature, making it impractical to seek shareholders' approval on a case-by-case basis before entering into such RRPT(s).

The Proposed Shareholders' Mandate will eliminate the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when the RRPT(s) occur or arise. This would substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings on an ad-hoc basis, and allow manpower's resources and time to be channelled towards attaining the corporate objectives and opportunities available to the Group.

2.7 Approval Required

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming AGM of the Company. Save for the approval of the shareholders of the Company, there are no other approvals required for the Proposed Shareholders' Mandate.

3. REVIEW PROCEDURES IN RELATION TO THE RRPT(S)

3.1 Review Methods or Procedures

The terms and conditions of the RRPT(s) are determined based on normal commercial terms consistent with the Company's usual business practices and policies, and transaction prices which are not more favourable to Related Parties than those generally available to the public and are not detrimental to our minority shareholders.

To monitor and identify the RRPT(s) in a timely and orderly manner, the following procedures have been established and implemented:

- (i) Any quotation or contract received from or proposed to be entered with a Related Party will be reviewed by senior management who will ascertain if it is an approved RRPT. Such quotation or contract will not be approved unless the terms offered to the Group are comparable with those offered by other unrelated parties for the same or substantially similar type of transactions. The transactions with a Related Party will only be entered into after taking into account the pricing, quality, deliverables, level of service and other related facts including competitors' prices of similar products and services in the open market;
- (ii) All transactions entered into pursuant to the RRPT(s) will be reviewed on a quarterly basis by the Audit Committee to ensure that they are transacted on terms and conditions and transaction prices which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders in the light of the circumstances concerned.

At least 2 other contemporaneous transactions with unrelated third parties for similar products / services and/or quantities will be used as comparison, wherever possible, 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 types of products / services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors / customers of similar products or services, or if the product / service is a proprietary item), the pricing of any RRPT entered into will be determined based on usual business practices and policies of the Group to ensure that the RRPTs are not detrimental to the Group.

Furthermore, the Audit Committee of the Company shall also have the discretion to request for additional procedures to be followed if it considers such a request to be appropriate.

- (iii) Records will be maintained by the Company to capture all RRPTs entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and the established procedures in respect of such transactions are adhered to:
- (iv) The Audit Committee has and shall continuously review the adequacy and appropriateness of the procedures, on a yearly basis or as and when required, with the authority to sub-delegate to individuals or committee within the Company as they deem appropriate;

- (v) If a member of the Board or of the Audit Committee has an interest, direct or indirect, as the case may be, such member of the Board (or his alternate) or Audit Committee shall abstain from deliberations and voting on any matter relating to decisions to be taken by the Board or Audit Committee in respect of the RRPTs. The interested Director must ensure that persons connected with him will also abstain from voting on the resolution in respect of the RRPT(s) in a general meeting; and
- (vi) If an interested Major Shareholder has an interest, direct or indirect, as the case may be, the said interested Major Shareholder shall abstain from deliberations and voting on the resolutions approving the RRPT, and also must ensure that the persons connected with him abstain from voting on the resolutions approving the transactions.
- (vii) Where shareholders' mandate has been obtained, the annual report shall provide a breakdown of the aggregate value of RRPT(s) conducted pursuant to the mandate during the financial year, based on the following information:
 - (a) the type of the RRPT; and
 - (b) the names of the Related Parties involved in each type of RRPT(s) made and their relationship with the Company,

In addition, if the actual value of the RRPTs entered into by the Group exceeds the estimated value of the RRPTs disclosed in the circular to the shareholders on the Proposed Shareholders' Mandate by 10% or more, the Company will make an immediate announcement to Bursa Securities.
- (viii) There are no specific thresholds for approvals of RRPT(s) within the Group and its subsidiaries as all RRPT(s) are subject to the approval at appropriate levels of authority as determined by the Board.

3.2 Statement by the Audit Committee

The Audit Committee of the Company had seen and reviewed the procedures established in Section 3.1 above in the treatment of RRPT(s) and are satisfied that the procedures are sufficient to ensure that:-

- (i) the RRPT(s) will be conducted at arm's length basis and on normal commercial terms and transaction prices;
- (ii) such transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- (iii) the Company has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner, and that these procedures are reviewed on a yearly basis or whenever the need arises.

If, during its periodic reviews, the Audit Committee is of the view that such procedures are no longer appropriate or adequate to ensure that recurrent related party transactions will be carried out on normal commercial terms and transaction prices or will be prejudicial to the interests of minority shareholders, the Company will seek a fresh mandate from shareholders based on new procedures.

4. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors and/or Major Shareholders of 3A Group and/or person connected to them have any interest, direct or indirect in the Proposed Shareholders' Mandate.

Accordingly, the interested Directors have abstained and will continue to abstain from all Board deliberating, voting or approving on resolution pertaining to the Proposed Shareholders' Mandate. The interested Directors and interested Major Shareholders will also abstain from deliberations and voting in respect of their direct and/or indirect interest, if any, in the Company on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM.

The said interested Directors and interested Major Shareholders have undertaken to ensure that the persons connected to them will abstain from deliberating and voting, in respect of their direct and/or indirect interests in the Company on the resolution pertaining the Proposed Shareholders' Mandate at the forthcoming AGM.

The direct and indirect interests of the interested Directors and interested Major Shareholders of 3A and persons connected to them as at the LPD are as follows:-

	< ----- Direct ----- >		< ----- Indirect ----- >	
	No of 3A Shares	%	No of 3A Shares	%
<u>Interested Directors</u>				
Kwek Ju-Yang, Mark (Guo Zuyang, Mark)	-	-	-	-
Sun Yi-Ling (Sun Yining), Alternate Director to Kwek Ju-Yang, Mark (Guo Zuyang, Mark)	-	-	-	-
Sun You Ning	-	-	-	-
<u>Interested Major Shareholder</u>				
Wilmar International Limited	61,600,000	15.65	-	-

5. DIRECTORS' STATEMENT AND RECOMMENDATION

The Directors of the Company (save for the interested Directors named in section 4 above who have abstained and will continue to abstain from Board deliberation and voting in respect of the Proposed Shareholders' Mandates), having considered the Proposed Shareholders' Mandate, are of the opinion that the RRPT(s) is in the best interest of the 3A Group and accordingly recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandates to be tabled at the forthcoming AGM.

6. AGM

The Fifteenth AGM, the notice of which is enclosed in the 2016 Annual Report of 3A, will be held at at Ballroom, Level 1, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 11 May 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, passing, inter alia, the Ordinary Resolution on the Proposed Shareholders' Mandate under Special Business of the agenda of the notice of the Fifteenth AGM as set out in the 2016 Annual Report of the Company.

A copy of the Form of Proxy for the forthcoming AGM is enclosed in the 2016 Annual Report. If you are unable to attend and vote in person at the Fifteenth AGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed therein as soon as possible and in any event, so as to arrive at the Company's registered office at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time set for the Fifteenth AGM. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the Fifteenth AGM should you subsequently wish to do so.

7. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix 1 for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
THREE-A RESOURCES BERHAD

DATO' MOHD NOR BIN ABDUL WAHID
INDEPENDENT NON-EXECUTIVE CHAIRMAN

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FURTHER INFORMATION

1. Directors' Responsibility Statement

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

2. Material Litigation, Claims and Arbitration

As at LPD, 3A Group is not engaged in any material litigation, claim or arbitration either as a plaintiff or defendant, which has a material effect on the business or financial position of 3A Group and the Board has no knowledge of any proceeding pending or threatened against 3A and/or its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or the business of 3A Group.

3. Material Contracts

Save as disclosed below, neither the Company nor its subsidiaries have entered into any other material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the date of this Circular:

- (i) Sale and Purchase Agreement dated 3 January 2017 between SSSFI with Prudent World Sdn Bhd for the acquisition of a piece of industrial leasehold land held under the title no. HSM 12526, PT 64, Tempat Kg Paya Jaras, Mukim of Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan, measuring approximately 8,094 square metres in land area at a purchase consideration of Ringgit Malaysia Nine Million Five Hundred Thousand only (RM9,500,000.00); and
- (ii) Sale and Purchase Agreement dated 24 February 2017 between SSSFI with Kota Niaga Sdn Bhd for the acquisition of all that piece of land held under the title no. H.S.(D) 295891, PT 583, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan, measuring approximately 4,426 square metres, together with a factory erected thereon bearing the postal address of Lot 583 (2506), Jalan Industri Off Jalan Forest, Kampung Baru Sungai Buloh, Seksyen U19, 40160 Shah Alam, Selangor Darul Ehsan at a purchase consideration of Ringgit Malaysia Seven Million and Five Hundred Thousand (RM7,500,000.00).

The above acquisitions are expected to be completed by the third quarter of year 2017.

4. Documents Available for Inspection

Copies of the following documents are available for inspection at the Company's registered office at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan, Malaysia, during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular to the date of the forthcoming AGM:-

- (a) the Constitution of 3A;
- (b) the audited financial statements of 3A for the financial years ended 31 December 2015 and 31 December 2016; and
- (c) The material contracts referred to in Section 3 of this Appendix 1.