

THREE-A RESOURCES BERHAD (481559-M)
(Incorporated in Malaysia)

SUMMARY OF THE KEY MATTERS DISCUSSED AT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY HELD AT BALLROOM, LEVEL 1, TROPICANA GOLF & COUNTRY RESORT, JALAN KELAB TROPICANA, 47410 PETALING JAYA, SELANGOR DARUL EHSAN, ON THURSDAY 11 MAY 2017 AT 11.00 A.M.

The Chairman of the Company, Dato' Mohd Nor Bin Abdul Wahid invited questions from the floor and key matters discussed were as followed:

- i. The current total production capacity of Maltodextrin products of the Group is 5,500 metric ton a month. The new Maltodextrin Plant No 3's utilization rate was around 25% presently;
- ii. The plant automation initiative is expected to reduce dependency on human labor in the production as seen recently in the new Maltodextrin Plant No. 3 when compared with Plant No. 1 and No. 2;
- iii. The Group had currently budgeted capital expenditure of about RM40 million for financial years 2017 and 2018 including the disclosed acquisition of two pieces of land for a total consideration of RM17 million for expansion purposes and the said acquisitions were funded by internally generated funds and bank borrowings;
- iv. The implementation of levy payment on foreign workers was not expected to have a material impact on the Group as we have planned for it and this cost had always been taken into account in the Group's products;
- v. The Board noted comments about the absence of Mr Sun You Ning and Mr Kwek Ju-Yang, Mark, the Board representatives from Wilmar International Limited, at the meeting;
- vi. Prospective customers in China were taking a longer time to evaluate products of Three-A (Qinhuangdao) Food Industries Co. Ltd ("3AQHD"), a joint venture company of the Group, resulting in the plants operating below optimal levels and the poor performance. The Management continues to have discussions with the joint venture partner as well as the management of 3AQHD to better understand the operation and performance of 3AQHD to chart future direction. Based on latest projections, 3AQHD would take another three to four years before it could record profits;
- vii. In a reply to a shareholder's comments on declaring a higher dividend in view of the good performance, the Chairman informed that the Company had been paying good dividend rates in the past years besides the recent proposal of a bonus issue to be approved in this meeting. The Management continues to take into consideration operating and investment opportunities before making decisions on dividend payment;
- viii. The increase in sales of 3AQHD in the third quarter of the financial year 2015 was derived from trading revenue of materials that 3AQHD purchased for its production. The said transaction was a one-off transaction and is not expected to recur going forward;
- ix. The current utilisation rate of 3AQHD's plants was approximately 20% as prospective customers in China were taking a longer time to evaluate 3AQHD's products as explained earlier;
- x. The Group is evaluating options including further capital injection in 3AQHD by the Group, if necessary. The Management is working closely with the joint venture partner to resolve the issues faced by 3AQHD so that the company would be on track to achieving better performance.