

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, bank manager 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)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

PART A

- I. **PROPOSED CO-OPERATION BETWEEN THREE-A RESOURCES BERHAD ("3A") AND WILMAR INTERNATIONAL LIMITED ("WILMAR") IN THE PEOPLE'S REPUBLIC OF CHINA ("PROPOSED CO-OPERATION");**
- II. **PROPOSED JOINT VENTURE BETWEEN THREE-A FOOD INDUSTRIES (M) SDN. BHD. (FORMERLY KNOWN AS THREE-A PLANTATIONS (PAHANG) SDN. BHD.), A WHOLLY-OWNED SUBSIDIARY OF 3A AND YIHAI KERRY INVESTMENTS CO, LTD., A 98.39% INDIRECTLY OWNED SUBSIDIARY OF WILMAR ("PROPOSED JV 1"); AND**
- III. **PROPOSED PROVISION OF FINANCIAL ASSISTANCE BY 3A IN FAVOUR OF THE JOINT VENTURE COMPANIES TO BE INCORPORATED PURSUANT TO THE PROPOSED CO-OPERATION ("PROPOSED FINANCIAL ASSISTANCE")**

PART B

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF 3A IN RELATION TO THE PROPOSALS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

The logo for OSK Investment Bank Berhad, featuring the letters 'OSK' in a bold, black, sans-serif font.

OSK Investment Bank Berhad (14152-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

The logo for HwangDBS Investment Bank, featuring a stylized 'H' symbol followed by the text 'HwangDBS' and 'INVESTMENT BANK' below it.

HWANGDBS INVESTMENT BANK BERHAD

(Company No.: 14389-U)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of Three-A Resources Berhad ("3A" or the "Company"), which has been scheduled to be held at Ballroom Level 1, Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 June 2010 at 11:30 a.m. or immediately after the conclusion or adjournment of the Eighth Annual General Meeting of the Company, which will be held at the same venue and on the same day at 11:00 a.m., whichever is later, together with the Form of Proxy are enclosed herein.

If you are unable to attend and vote at the meeting, you may complete the Form of Proxy and deposit it at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan, Malaysia, not later than forty-eight (48) hours before the stipulated time fixed for the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy: Saturday, 26 June 2010 at 11:30 a.m.

Date and time of the EGM: Tuesday, 29 June 2010 at 11:30 a.m.

This Circular is dated 8 June 2010

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
"3A Share(s)" or "Share(s)"	:	Ordinary shares of RM0.20 each in 3A
"Act"	:	Companies Act, 1965
"AGM"	:	Annual General Meeting
"Board"	:	The Board of Directors of 3A
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"Circular"	:	This circular to the shareholders of 3A dated 8 June 2010
"Co-operation Agreement"	:	The framework co-operation agreement dated 5 May 2010 entered into between the Parties to invest and explore the possibility of setting up equity joint venture enterprises in the PRC on terms and conditions to be set out in more specific joint venture agreements to be entered into between the Parties
"EGM"	:	Extraordinary General Meeting
"EPS"	:	Earnings per share
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"HwangDBS" or "IA"	:	HwangDBS Investment Bank Berhad (14389-U), the independent adviser
"IAL"	:	Independent advice letter
"JV Agreement 1"	:	The joint venture agreement dated 5 May 2010, entered into between the JV Parties 1 for a specific joint venture in Shanhaiguan, PRC via the subscription in the share capital of the JV Co 1
"JV Co 1"	:	Three-A (Qinhuangdao) Food Industries Co. Ltd, the joint venture company to be incorporated pursuant to the JV Agreement 1
"JV Party(ies) 1"	:	TAFI and YHK, individually or collectively as the case may be
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities
"LPD"	:	17 May 2010, being the latest practicable date prior to the issuance of this Circular
"NA"	:	Net assets
"NTA"	:	Net tangible assets
"OSK" or "Adviser"	:	OSK Investment Bank Berhad (14152-V)

DEFINITIONS (CONT'D)

"Party(ies)"	:	3A and Wilmar, individually or collectively as the case may be
"PRC"	:	The People's Republic of China
"Proposals"	:	The Proposed Co-operation, Proposed JV 1 and Proposed Financial Assistance, collectively
"Proposed Co-operation"	:	Proposed co-operation between the Parties in the PRC
"Proposed Financial Assistance"	:	Proposed provision of financial assistance by 3A in favour of the joint venture companies to be incorporated pursuant to the Proposed Co-operation
"Proposed JV 1"	:	Proposed joint venture between the JV Parties 1 in Shanhaiguan, PRC
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"TAFI"	:	Three-A Food Industries (M) Sdn. Bhd.(formerly known as Three-A Plantations (Pahang) Sdn. Bhd.), a wholly-owned subsidiary of 3A
"USD"	:	United States Dollar
"Wilmar"	:	Wilmar International Limited, a major shareholder of 3A
"YHK"	:	Yihai Kerry Investments Co, Ltd., a 98.39% indirectly owned subsidiary of Wilmar

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

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

For the purpose of this Circular, the exchange rate of USD1.00 : RM3.2045 as at 4 May 2010 published by Bank Negara Malaysia have been utilised throughout this Circular.

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PART A

LETTER TO THE SHAREHOLDERS OF 3A



THREE-A RESOURCES BERHAD

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

Registered Office

AL 308, Lot 590 & Lot 4196
Jalan Industri, U 19
Kampung Baru Seri Sungai Buloh
47000 Selangor Darul Ehsan
Malaysia

8 June 2010

Board of Directors

Dato' Mohd Nor Bin Abdul Wahid (*Non-Independent Executive Chairman*)
Fang Chew Ham (*Deputy Executive Chairman & Managing Director*)
Fong Chu King @ Tong Chu King (*Non-Independent Executive Director*)
Foong Chiew Fatt (*Non-Independent Executive Director*)
Sun Yi-Ling (*Non-Independent Non-Executive Director*)
Chew Eng Chai (*Independent Non-Executive Director*)
Tan Chon Sing @ Tan Kim Tieng (*Independent Non-Executive Director*)
Fang Siew Yee (*Non-Independent Executive Director*)
Liew Kuo Shin (*Non-Independent Executive Director*)
Fang Siew Ping (*Non-Independent Executive Director*)
Khoo Wee Boon (*Independent Non-Executive Director*)
Mohd Zaki Bin Hamzah (*Independent Non-Executive Director*)

To: **The Shareholders of Three-A Resources Berhad**

Dear Sir/ Madam,

- I. **PROPOSED CO-OPERATION;**
- II. **PROPOSED JV 1; AND**
- III. **PROPOSED FINANCIAL ASSISTANCE**

1. INTRODUCTION

On 5 May 2010, OSK had, on behalf of the Board announced that 3A had, on even date entered into a framework co-operation agreement with Wilmar to invest and explore the possibility of setting up equity joint venture enterprises in the PRC on terms and conditions to be set out in more specific joint venture agreements to be entered into between the Parties.

Pursuant to the Co-operation Agreement, TAFI had on even date entered into a joint venture agreement with YHK to incorporate a joint venture company in Shanhaiguan, PRC.

In addition to the Proposed Co-operation, OSK had, on behalf of the Board announced that pursuant to Paragraph 8.23 of the Listing Requirements, 3A proposes to render financial assistance in favour of the joint venture companies to be incorporated pursuant to the Proposed Co-operation.

In view of the interest of certain Directors and/ or major shareholders of 3A, details of which are set out in Section 13 of Part A of this Circular, the Proposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements. In this respect, HwangDBS was appointed to act as IA on 12 March 2010 to provide the non-interested shareholders with an independent evaluation of the Proposals. The IAL from HwangDBS is set out in Part B of this Circular.

On 21 May 2010, OSK had, on behalf of the Board, sought for a waiver from Bursa Securities from complying with paragraphs 3, 4 and 5(a) of Part F, Appendix 10B of the Listing Requirements, which stipulated that the following documents must be included in this Circular:-

- i. a valuation report on the foreign assets proposed to be acquired prepared by a qualified valuer, the appointment of which complies with the SC's Asset Valuation Guidelines in relation to the appointment of valuer for valuation of foreign property assets;
- ii. the expert's report, prepared by industry experts, on the fairness of the total purchase consideration for the foreign securities or assets proposed to be acquired; and
- iii. a legal opinion from a reputable law firm on the ownership of title to the securities or assets in the foreign jurisdiction.

A waiver had been sought from complying with the above requirements due to the following rationale:-

- (a) the JV Co 1 has yet to be incorporated. The successful incorporation of the JV Co 1 is subject to various terms and conditions including approvals from shareholders and relevant local and foreign authorities, details are as set out in Section 2.2.1 (ii) of this Circular.
- (b) the JV Co 1 intends to set up a factory to manufacture food and beverage ingredients in Shanhaiguan, PRC. However, the details of the factory set-up have not been finalized at this juncture.
- (c) as there are no foreign securities and/ or assets at this juncture, the valuer and legal counsel are unable to provide their report and opinion as required under items (i) to (iii) stated above.

The approval from Bursa Securities for the above waiver application has been obtained vide its letter dated 3 June 2010.

The purpose of this Circular is to provide the shareholders of 3A with the relevant information on the Proposals, to set out the Board's recommendation and to seek approval from the shareholders of 3A for the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM. The Notice of the EGM together with the Form of Proxy are enclosed herein.

SHAREHOLDERS OF 3A ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED CO-OPERATION AND PROPOSED JV 1

2.1 Details of the Proposed Co-operation

The Proposed Co-operation would enable the Parties to invest and explore the possibility of setting up equity joint venture enterprises in the PRC.

2.1.1 Salient terms and conditions of the Co-operation Agreement

- i. In furtherance of the Proposed Co-operation, the Parties agree to: -
 - (a) engage in good faith negotiations;
 - (b) unless otherwise agreed by the Parties in writing, the Parties will jointly invest up to USD40,000,000 (equivalent to approximately RM128,180,000) or such other amount as may be agreed by the Parties from time to time ("Total Aggregate Investment");
 - (c) unless otherwise agreed by the Parties in writing, each Party shall contribute up to 50% of the Total Aggregate Investment;
 - (d) each Party shall be responsible for the funding of up to 50% of the Total Aggregate Investment;
 - (e) each joint venture or investment undertaken jointly by the Parties in furtherance of the Proposed Co-operation shall be based on a separate feasibility study to be conducted;
 - (f) each Party shall be entitled to nominate their subsidiary to enter into any joint venture agreement to be executed between the Parties (or their nominees) for the purposes of setting up an equity joint venture company in any single location in the PRC ("Provincial JVA"); and
 - (g) nothing shall restrict the rights of either Party to engage with other third parties in relation to their respective business operation in the PRC or on a worldwide basis.
- ii. In respect of any joint venture company to be set up and any Provincial JVA to be entered into in furtherance of the Proposed Co-operation, the terms and conditions shall be similar in form and substance as set out in the Provincial JVA enclosed in Schedule 1 of the Co-operation Agreement.
- iii. Law and jurisdiction

The Co-operation Agreement shall be governed by, and construed in accordance with, the laws of Singapore and the Parties agree that any dispute arising out of or in connection with the Co-operation Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force. The arbitral tribunal shall consist of three (3) arbitrators, one to be appointed by each of the Parties and the third to be appointed by the Chairman of Singapore International Arbitration Centre and the language of arbitration shall be English.

Based on the Co-operation Agreement, 3A Group will invest up to USD20,000,000 (equivalent to approximately RM64,090,000) in the Proposed Co-operation. After taking into consideration the total investment cost of TAFI in the Proposed JV 1 (details of which are set out in Section 2.2. of Part A of this Circular) of up to USD6,000,000 (equivalent to approximately RM19,227,000), the remaining balance of up to USD14,000,000 (equivalent to approximately RM44,863,000) is expected to be invested within the next five (5) years.

In the event that the Parties incorporate any joint venture companies pursuant to the Provincial JVA to be entered into under the Proposed Co-operation, the terms and conditions of the Provincial JVA shall be similar in form and substance as the JV Agreement 1 and will not be less favourable than the Proposed JV 1. The Parties shall share the joint venture companies' profits and bear the losses and risks arising from their investments in proportion to their respective contribution in the joint venture companies.

2.2 Details of the Proposed JV 1

Pursuant to the Co-operation Agreement, the JV Parties 1 had entered into the JV Agreement 1.

The JV Parties 1 has agreed to co-operate in the setting up of a factory in the vicinity of Shanhaiguan, PRC for the business of manufacturing and selling of food and beverage ingredients via JV Co 1.

2.2.1 Salient terms of the JV Agreement 1

i. Amount of investment and registered capital

The total investment of the JV Co 1 shall be USD12,000,000 (equivalent to approximately RM38,454,000) and the registered capital of the JV Co 1 shall be USD5,100,000 (equivalent to approximately RM16,342,950).

The contribution of the registered capital subscribed by each JV Party 1 shall be USD2,550,000 (equivalent to approximately RM8,171,475), representing 50% share of the registered capital of JV Co 1.

ii. Conditions precedent

The JV Agreement 1 is subject to and conditional upon the following conditions being fulfilled or waived:-

- (a) the approval for the JV Agreement 1 and Articles of Association by the relevant government department in the PRC;
- (b) the issuance of the business license of the JV Co 1 by the relevant authorities in the PRC ("Business License");
- (c) the receipt of the written consent for making the capital contribution to the JV Co 1 from the following parties:-
 - all the relevant authorities as may be required under any rules, regulations and laws enforced in Malaysia and the PRC;
 - the directors of the JV Co 1, TAFI and YHK at a board of directors meeting to be convened;

- the shareholder of TAFI at an extraordinary general meeting to be convened; and
 - Bank Negara Malaysia, if applicable.
- (d) the carrying out by both the JV Parties 1 of the due diligence exercise on each other to the satisfaction of each other; and
- (e) conduct of a feasibility study to the satisfaction of both TAFI and YHK.
- iii. Profit sharing arrangement
- The JV Parties 1 shall share the JV Co 1's profits and bear the losses and risks arising from their investments in proportion to their respective contribution in the JV Co 1.
- iv. Restrictions on transfer or dealings by TAFI
- Given that the JV Co 1 will operate on the premises in close proximity to that of YHK, TAFI shall not assign, sell, pledge, mortgage or otherwise transfer or encumber any portion or all of its interest in the JV Co 1 to any party (competitors or otherwise) except with the prior written consent of YHK.
- v. Responsibilities of the JV Parties 1
- (a) YHK is responsible for assisting the JV Co 1 in, amongst others, applying for the relevant licences, approvals and permits required for the operation of JV Co 1's business in the PRC as well as procuring from local sources or by way of import, the necessary facilities and assets required for the production and operations of JV Co 1.
- (b) TAFI is responsible for assisting the JV Co 1 in, amongst others, providing the necessary technical knowhow and expertise to the Proposed JV 1, procuring from overseas the necessary facilities and assets required for the production and operations of JV Co 1 as well as selling the products of JV Co 1 in the international market.
- vi. Board of directors
- The board of directors will have equal representatives from the JV Parties 1.
- vii. Duration of the Proposed JV 1
- The duration of the JV Co 1 is fifty (50) years, calculated from the date of issuance of the Business License or such other period as may be agreed and approved by the JV Parties 1.
- viii. Resolution of deadlock and buyout
- If the board of directors is unable to arrive at a decision on a matter which requires the unanimous consent of the board of directors provided in Article 13 of the JV Agreement 1 by reason of disagreement between themselves then a deadlock ("Deadlock") is deemed to have occurred in relation to that matter. In the event of a Deadlock, the JV Parties 1 may act in accordance with Article 21 of the JV Agreement 1 to resolve the Deadlock.

In no circumstances shall any JV Party 1 create an artificial deadlock and then seek to exercise its rights under that provision. For the purposes of that provision, the expression "artificial deadlock" shall mean a Deadlock caused by a JV Party 1, or directors nominated by a JV Party 1, as the case may be, voting unreasonably in respect of any proposal relating to any matters, or in such a manner as to prevent the JV Co 1 from carrying its business properly and efficiently.

ix. Applicable law

The formation, validity, interpretation and performance of the JV Agreement 1, and any disputes arising under the JV Agreement 1, shall be governed by the published law of the PRC, if there is no published law in the PRC governing a particular matter relating to the JV Agreement 1, reference shall be made to general international commercial practices.

Apart from the above, the other terms of the JV Agreement 1 include amongst others, clauses on the management of JV Co 1, general meeting, financial and regulatory matters.

2.3 Capital and investment outlay and sources of funding

JV Co 1 will require approximately USD12,000,000 (equivalent to approximately RM38,454,000) for the capital expenditure requirements and initial working capital of the factory.

The amount will be funded via JV Co 1's registered capital of USD5,100,000, to be contributed by the JV Parties 1 in equal proportions, as well as bank borrowings or loans from the JV Parties 1. The shareholders' loan, if any, will be provided based on the JV Parties 1 respective shareholdings in JV Co 1. The exact debt equity ratio has not been determined at this juncture.

The total investment cost of TAFI in the Proposed JV 1 will be up to USD6,000,000 (equivalent to approximately RM19,227,000), which includes the potential Proposed Financial Assistance by 3A Group to the JV Co 1 (details of which are set out in Section 3 of Part A of this Circular). TAFI proposes to finance its initial obligations of USD2,550,000 (equivalent to approximately RM8,171,475) from the private placement proceeds obtained by 3A in November 2009, which amounted to approximately RM46.2 million. The remaining investment cost by TAFI for the Proposed JV 1 amounting up to USD3,450,000 (equivalent to approximately RM11,055,525) will be funded from 3A Group's internal funds.

Save as disclosed above as well as the rights of the JV Co 1 to raise further capital contributions in accordance with its business needs, the Board does not expect to incur any additional financial commitment to the JV Co 1.

2.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities to be assumed by 3A/ TAFI arising from the Proposed Co-operation/ Proposed JV 1.

The loan guarantees to the third party lenders, if any, will be given in proportion to the JV Parties 1 respective shareholdings in the JV Co 1.

3. DETAILS OF THE PROPOSED FINANCIAL ASSISTANCE

Pursuant to the Proposed Co-operation, the Parties will jointly invest up to USD40,000,000 (equivalent to approximately RM128,180,000) or such other amount as may be agreed by the Parties from time to time.

Based on the terms of the JV Agreement 1, the JV Parties 1 may fund the difference between the total amount of investment and the registered capital by means of bank loans from financial institutions in the PRC or abroad or by shareholder loans from the JV Parties 1. In the event that the JV Parties 1 extend shareholder loans, each JV Party 1 shall provide loans in proportion to its respective share of the registered capital in the JV Co 1. If any lender requires a loan guarantee, the JV Parties 1 shall consult one another to determine whether and on what terms they are willing to provide such guarantees to such third party lender in proportion to their respective shareholding.

In respect of any joint venture company to be set up and any Provincial JVA to be entered into pursuant to the Proposed Co-operation, the terms and conditions shall be similar in form and substance as set out in the JV Agreement 1.

At this juncture, the estimated total amount of loan or loan guarantee to be extended by 3A to the JV Co 1 and/ or other joint venture companies that may be set up are as follows:-

	USD	RM equivalent
Total investment cost by 3A under the Proposed Co-operation	20,000,000	64,090,000
Less: Initial obligations of TAFI in the Proposed JV 1 to be funded via 3A's private placement proceeds	(2,550,000)	(8,171,475)
Maximum indicative financial assistance by 3A Group	17,450,000	55,918,525

Pursuant to Paragraph 8.23 of the Listing Requirements, the provision of loan and/ or loan guarantee is deemed to be a provision of financial assistance. As the indicative amount of up to USD17,450,000 (equivalent to approximately RM55,918,525) exceeds 5% of 3A's NTA based on the latest audited financial statements of 3A for the FYE 31 December 2009, the Proposed Financial Assistance is subject to the approval of the shareholders of 3A at the forthcoming EGM.

4. INFORMATION ON THE PARTIES AND JV PARTIES 1

4.1 Information on the Parties

i. 3A

3A was incorporated in Malaysia on 21 April 1999 under the Act. As at LPD, the authorized share capital of 3A is RM100,000,000 comprising 500,000,000 Shares whilst its issued and fully paid-up share capital are RM73,920,003 comprising 369,600,019 Shares.

3A is an investment holding company. Its subsidiaries are involved in the business of manufacturing, production, sale, marketing and distribution of a full range of caramel colour, glucose syrup, maltose syrup, soya protein sauce (hydrolyzed vegetable protein ("HVP")), natural fermented vinegar, distilled vinegar, rice vinegar, ketchup, chili sauce, table vinegar, mayonnaise, pickles, caramel powder, HVP powder, soya sauce powder and Maltodextrin. Its products are widely used in the food manufacturing and pharmaceutical sectors such as non-dairy creamer, flavours, seasonings, sauces, beverages, dry mixes, confectionery, frozen foods and snack foods.

ii. Wilmar

Wilmar was incorporated in the Republic of Singapore as a limited liability company on 14 August 1999 under the Registration Number 199904785Z. As at 31 August 2009, the issued and fully paid-up share capital of Wilmar are USD8,414,355,000 (equivalent to approximately RM26,963,800,598) comprising 6,392,360,905 ordinary shares.

Wilmar is an investment holding company. Its group of subsidiaries and/ or subsidiaries are engaged in the business of operation of plantations and oil palm mills, manufacturing and production of consumer products such as edible oils, consumer pack oils, oilseed meals, specialty fats and oleochemicals and fertilizer production.

4.2 Information on the JV Parties 1

i. TAFI

TAFI was incorporated in Malaysia on 30 January 2008 under the Act. As at LPD, the authorized share capital of TAFI is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and fully paid-up share capital are RM2 comprising two (2) ordinary shares of RM1 each.

TAFI is a wholly-owned subsidiary of 3A and is currently dormant.

ii. YHK

YHK is a corporate legal entity registered in the PRC and has its legal address at No. 958 Lu Jia Zui Road, 26th Floor, Huaneng Union Building, Pudong New Area, 200120 Shanghai, PRC.

YHK is a 98.39% indirectly owned subsidiary of Wilmar, which in turn is a major shareholder of 3A.

YHK and its subsidiaries is mainly engaged in grain and cooking oil processing, chemical processing of oil, storage and logistics and domestic and foreign trade. It is also involved in the coal business, clean energy development and real estate.

5. INFORMATION ON THE JV CO 1

As at the date hereof, the JV Co 1 has yet to be incorporated. The name of the JV Co 1 shall be Three-A (Qinhuangdao) Food Industries Co., Ltd, with its legal address at Qinhuangdao, Shanhaiguan, PRC.

The proposed registered capital of the JV Co 1 is USD5,100,000 (equivalent to approximately RM16,342,950). The equity holdings of TAFI and YHK in the JV Co 1 shall be in the proportion of 50:50 respectively. The eventual issued and paid-up share capital of the JV Co 1 is not determined at this juncture. Any subsequent capital contributions shall be based on the business activities of the JV Co 1.

The principal activities of the JV Co 1 would be in the business of manufacturing and selling of food and beverage ingredients.

6. RATIONALE AND BENEFITS OF THE PROPOSALS

6.1 Proposed Co-operation and Proposed JV 1

The Proposed Co-operation and Proposed JV 1 are consistent with 3A's objective of seeking various strategic alliances for synergistic benefits to enable 3A to expand into new overseas market. 3A will be able to tap on the expertise and experience of Wilmar in the PRC market for its expansion plans as Wilmar through its subsidiaries and/ or associate companies has experience in conducting business operation in the PRC. The Parties recognize the potential in conducting food related manufacturing, production, sale, marketing and distribution business in the PRC due to its vast number of domestic consumers, in particular the food related products which are currently manufactured, produced and distributed by 3A.

In addition, the Board has undertaken an internal business feasibility study/ evaluation on the Proposed JV 1 which indicates positive business opportunities for 3A Group.

The Proposed Co-operation and Proposed JV 1 combine both parties' respective resources and expertise for their mutual benefit. The Proposed Co-operation and Proposed JV 1 are expected to contribute positively to the future earnings of 3A Group upon commercial operation of the joint venture companies.

6.2 Proposed Financial Assistance

The Proposed Financial Assistance will facilitate the granting of shareholder loan/ loan guarantee for the setting up/ development of joint venture companies to be incorporated pursuant to the Proposed Co-operation.

In order to successfully implement the Proposed Co-operation, shareholder loan/ loan guarantee may be required. The availability of such funding ensures the continued development and completion of the Proposed Co-operation.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Overview and prospect of the PRC's economy

In spite of the global recession, the PRC's economy grew 8.7 percent in 2009. Massive investment-led stimulus was key, but real estate investment gained prominence more recently and household consumption growth has held up very well. The domestic growth momentum continued in the first months of 2010. Exports declined in 2009 as a whole, even as the PRC gained global market share. With imports strong, external trade was a major drag on growth in 2009 and the external current account surplus declined sharply. Exports rebounded strongly through 2009, though, and exceeded the pre-crisis level in early 2010. In a heated real estate market, surging property prices triggered policy measures to expand supply and curb speculation.

Household consumption growth has remained steady. After weakening in early 2009, labour market conditions improved and employment and wage growth have held up well through early 2010. Incomes and consumption were further supported by falling consumer prices for much of 2009 (which boosted purchasing power); higher government transfers; and other measures such as lower consumption taxes for small cars and subsidies for rural consumption of electronic appliances. With government consumption also up substantially, total consumption rose by an estimated 9.7 percent in real terms in 2009.

Consumer price inflation has picked up. After price declines earlier in 2009, consumer prices picked up in the second half (year-on-year), predominantly because of higher food prices. In February, they were 2.7 percent up on a year ago. Food prices increased together with international food prices and because of unusually cold weather in the PRC in the last months of 2009. The residential component of consumer prices also rose as imputed housing rent increased in line with higher house prices and utility prices were raised. Meanwhile, with industrial raw commodity prices higher, producer prices are now also rising. This implies some further price pressure in the first half of 2010, although industrial raw commodity prices, including food, are not projected to continue to rise strongly in the medium term.

Gross domestic product ("GDP") growth for this year is projected at 9.5 percent, with a shift in the composition. Government-led investment is bound to decelerate. However, exports are likely to continue to recover amidst a pick up in the global economy and real estate activity is likely to grow strongly this year. Consumption growth should remain solid. Inflation is on course to be significant in 2010, after being negative in 2009. With global price pressures likely to be subdued amidst large spare capacity internationally, the PRC's inflation is unlikely to reach high rates in 2010. External surplus is expected to remain broadly unchanged this year.

(Source: World Bank's China Quarterly Update- March 2010)

7.2 Outlook of the food industry in the PRC and prospects of the JV Co 1

The prospects of the JV Co 1, which involves the setting up of a factory in the PRC for the business of manufacturing and selling of food and beverage ingredients, will be largely dependent on the prospects of the food industry in the PRC.

The PRC's economy has grown rapidly in the last few decades, and the food and drink sector has seen a boom in output – with 150 per cent growth between the years of 2004 and 2008. In the first five months of year 2009, the output of the country's food industry was 1.82 trillion yuan, an increase of 14.6 percent over the same period of year 2008.

In year 2000, production of flavours, flavourings and fragrances was almost 145,000 tonnes – but by year 2008 it had more than doubled to 300,000 tonnes. Increasing demand for flavours from Chinese food manufacturers has led to rapid growth in the last decade and has encouraged more foreign firms to set up their operations in the PRC.

The Asia Pacific region is said to account for 17 per cent of the global demand for flavours, and domestic demand in the PRC has been a driver for expansion. It is estimated that between 90,000 and 100,000 tonnes of the PRC's production is used by the domestic industry.

In light of the prospects of the food industry in the PRC, the Board expects the JV Co 1 to contribute positively to the future earnings of 3A Group, upon commencement of the JV Co 1's operations, thereby translating to better returns to the shareholders of 3A in the long term.

The time frame for the Proposed JV 1 and the financial resources required to be committed by 3A Group are set out in Section 12 and Section 2.3 of Part A of this Circular respectively.

(Source: Management of 3A)

8. RISK FACTORS

The risks factors (which may not be exhaustive) pertaining to the Proposals are set out below:-

8.1 Joint venture risks

The Proposals may potentially expose 3A Group to new risks including those associated with the assimilation of new operations and personnel, the diversion of financial management resources from existing operations and the inability to successfully integrate the joint venture with its current business. There is no assurance that the anticipated benefits from the joint venture will be realised, and that 3A Group will be able to generate sufficient revenue from the joint venture to offset the associated joint venture cost.

Nevertheless, the Board has and will continue to exercise due care in considering the risks and benefits associated with the Proposals and will take appropriate measures in planning the successful integration of this venture with its current business operations. Further, 3A Group is committed towards the close monitoring of the development of the joint venture company's business in order to minimize any implementation issues or delays.

8.2 Business and operating risks

As the Proposed Co-operation and Proposed JV 1 will be in the business of manufacturing and selling of food and beverage ingredients in the PRC, the Proposed Co-operation and Proposed JV 1 will be subject to business risks inherent within the industry in the PRC. The profitability of the Proposed Co-operation and Proposed JV 1 can be adversely affected by many factors including shortages of raw materials, equipment and labour, rising cost of raw materials, adverse weather conditions, natural disasters, labour disputes, industrial accidents, changes in government legislation priorities and unforeseen circumstances.

Although 3A may undertake the necessary efforts to mitigate the various business risks and to strengthen its competitiveness, no assurance can be given that any or all of the above risk factors will not have material adverse effects on its business performance or prospects, which would in turn, affect its financial position.

8.3 Sensitivity to political, economic and regulatory factors

Like other business entities, adverse developments in political, economic, regulatory and social conditions in the countries in which the Parties intend to conduct their businesses in could materially affect the financial and business prospects of 3A Group.

Whilst 3A strives to continue to take effective measures against such circumstances by adopting prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors in such country will not materially affect 3A Group.

8.4 Foreign exchange risks

The Proposed Co-operation and Proposed JV 1 will operate in the PRC. Hence 3A Group may be exposed to foreign exchange risk due to such investment and expansion. However, 3A will continue to assess the need to utilise financial instruments to hedge its currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs. There can be no assurance that any future fluctuations in exchange rates and financial crisis will not have material adverse impact on 3A's financial performance.

8.5 Investment risks

Although the Proposed Co-operation and Proposed JV 1 will carry out similar activities with 3A Group, there can be no assurance that the anticipated benefits from the joint venture will be realised. 3A will however seek to limit its investment risks by adopting prudent investment strategies and conducting feasibility assessment and reviews prior to making its investment decision.

8.6 Financing risks

As mentioned in Section 3 of Part A of this Circular, 3A may extend loan/ loan guarantee to the joint venture companies to be incorporated pursuant to the Proposed Co-operation. The extension of loan may pose a default risk to 3A should the joint venture companies fail to operate successfully. In relation to the loan guarantee, 3A may encounter adverse changes to the terms and conditions imposed by third party lenders.

Whilst 3A Group will continue to review its business strategies and undertake prudent financial management, there can be no assurance that any adverse changes to the joint venture companies' business and/ or operations will not affect their ability to service its repayment obligations as and when it is due.

8.7 Completion risks

The completion of the joint venture companies to be incorporated pursuant to the Proposed Co-operation and/ or the Proposed JV 1 may be subject to many uncertain external factors and risks, and hence the benefit accruing from the Proposed Co-operation/ Proposed JV 1 for the Parties/ JV Parties 1 may not be realised. There is no assurance that the joint venture companies to be incorporated pursuant to the Proposed Co-operation and/ or the Proposed JV 1 would be completed as contemplated by the Parties/ JV Parties 1, and the benefit accruing to them can be realised in a timely manner.

8.8 Product liability risks

The manufacturing and marketing of the joint venture companies' products may expose them to product liability claims. The joint venture companies may be held responsible for any defects that occur with respect to its products and services. Based on the defect, the joint venture companies may be liable for significant damages, which may adversely affect its financial results and condition.

In this regard, the Parties may undertake a product liability insurance policy to indemnify the joint venture companies should they become legally liable to pay. Notwithstanding this, there can be no assurance that the insurance coverage will be adequate.

9. POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS IN THE PRC

The report on the policies on foreign investments, taxation and repatriation of profits in the PRC as provided by Guangxin Lawyers is enclosed in Appendix I of this Circular.

10. EFFECTS OF THE PROPOSALS

The Proposed Co-operation will not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, NA, gearing and earnings and EPS of the Company.

The effects of the Proposed JV 1 and Proposed Financial Assistance are as follows:-

10.1 Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed JV 1 and Proposed Financial Assistance will not have any effect on the issued and paid-up share capital and the substantial shareholders' shareholdings in 3A as the Proposed JV 1 and Proposed Financial Assistance does not involve the issuance of new 3A Shares.

10.2 NA per share, earnings and EPS

The Proposed JV 1 and Proposed Financial Assistance are not expected to have any material effect on the NA per share, earnings and EPS of 3A for the FYE 31 December 2009 (assuming that the relevant proposals had been effected in year 2009) and FYE 31 December 2010 as the Proposed JV 1 does not involve the issuance of new 3A Shares and is expected to commence business operations in year 2011. 3A is expected to apply the equity method of accounting for its share of profits or losses in the JV Co 1.

However, in the long term, the Proposed JV 1 is expected to contribute positively to the future NA per share, earnings and EPS of 3A Group as a result of the expected profit to be derived from the JV Co 1 in the long run. The Proposed Financial Assistance will ensure the availability of resources to fund the business requirement of JV Co 1 in a more expedient manner thereby allowing the resources and time to be channelled towards its business operations.

10.3 Gearing

The Proposed JV 1 and Proposed Financial Assistance are not expected to have any material effect on the gearing of 3A Group on the assumption that the JV Co 1 will be accounted for using the equity method of accounting.

11. APPROVALS REQUIRED

The Proposed Co-operation and Proposed Financial Assistance are subject to the approval being obtained from the shareholders of 3A at an EGM to be convened.

The Proposed JV 1 is subject to the approvals being obtained from the following:-

- (a) the shareholders of 3A at an EGM to be convened;
- (b) the approval for the JV Agreement 1 and Articles of Association by the relevant government department in the PRC;
- (c) the issuance of the business license of the JV Co 1 by the relevant authorities in the PRC;
- (d) the receipt of the written consent for making the capital contribution to the JV Co 1 from the following parties:-
 - all the relevant authorities as may be required under any rules, regulations and laws enforced in Malaysia and the PRC;

- the directors of the JV Co 1, TAFI and YHK at a board of directors meeting to be convened;
 - the shareholder of TAFI at an extraordinary general meeting to be convened; and
 - Bank Negara Malaysia, if applicable.
- (e) the carrying out by both the JV Parties 1 of the due diligence exercise on each other to the satisfaction of each other; and
- (f) conduct of a feasibility study to the satisfaction of both TAFI and YHK.

12. ESTIMATED TIME FRAME FOR IMPLEMENTATION AND COMPLETION OF THE PROPOSALS

12.1 Proposed Co-operation

Barring unforeseen circumstances and subject to the successful implementation of the Proposed JV 1, the Company expects to set up equity joint venture enterprises in the PRC within the next five (5) years.

12.2 Proposed JV 1

The tentative timeline for the Proposed JV 1 is as follows:-

Tentative dates	Events
June 2010	EGM
2 nd half of year 2010	Commence construction of the factory
2 nd half of year 2011	Commence manufacturing and sale of food and beverage ingredients

The Proposed JV 1 is expected to commence operations upon completion of the setting up of the factory in year 2011. The duration of the Proposed JV 1 is fifty (50) years, calculated from the date of issuance of the Business License or such other period as may be agreed and approved by the JV Parties 1.

12.3 Proposed Financial Assistance

The Proposed Financial Assistance shall continue to be in existence until the estimated total amount of up to USD17,450,000 (equivalent to approximately RM55,918,525) had been extended by 3A Group by way of loan or loan guarantee to the JV Co 1 and/ or other joint venture companies that may be set up.

13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED

Save as disclosed below, none of the directors and/ or major shareholders and/ or persons connected to them have any interest, whether direct or indirect, in the Proposals:-

- i. Sun Yi-Ling ("SYL"), a non-independent non-executive director of 3A, is nominated by Wilmar; and
- ii. Wilmar, the Party, is a major shareholder of 3A. YHK, the JV Party 1, is a 98.39% indirectly owned subsidiary of Wilmar.

Hence, SYL ("Interested Director") and Wilmar ("Interested Major Shareholder") is deemed interested in the Proposals.

The direct and indirect interests of the Interested Director and Interested Major Shareholder in 3A as at LPD are as follows:-

	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Interested Director				
SYL	-	-	-	-
Interested Major Shareholder				
Wilmar	61,600,000	16.67	-	-

Accordingly, the Interested Director has abstained and will continue to abstain from all board deliberations and voting on the ordinary resolutions pertaining to the Proposals. The Interested Director and the Interested Major Shareholder will abstain from voting in respect of their direct and/ or indirect interests in the Company on the ordinary resolutions pertaining to the Proposals at the forthcoming EGM. The Interested Director and Interested Major Shareholder have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect interests in the Company on the ordinary resolutions pertaining to the Proposals at the forthcoming EGM.

14. AMOUNT TRANSACTED WITH THE INTERESTED DIRECTORS AND/ OR INTERESTED MAJOR SHAREHOLDERS FOR THE PRECEDING 12 MONTHS

As at LPD, the total amount transacted with the Interested Major Shareholder for the preceding 12 months were RM46.2 million, being the proceeds received pursuant to the private placement by 3A.

As at LPD, there were no transactions with the Interested Director for the preceding 12 months.

15. CORPORATE PROPOSALS ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, the Board confirms that as at LPD there are no other corporate proposals which have been announced but not yet completed.

The Board also wishes to confirm that the Proposals are inter-conditional upon each other but are not conditional upon any other corporate proposals currently undertaken by the Company.

16. STATEMENT BY THE BOARD AND THE AUDIT COMMITTEE

The Board (save for the Interested Director) and the Audit Committee is of the opinion that the Proposals are in the best interest of 3A Group and the terms of the Proposals are fair, reasonable and on normal commercial terms and hence will not be detrimental to the interest of the non-interested shareholders.

The view of the Board (save for the Interested Director) and the Audit Committee was arrived at after having considered the terms and conditions of the Co-operation Agreement and JV Agreement 1, the rationale for the Proposals, risks pertaining to the Proposals, prospects of the Proposed Co-operation/ Proposed JV 1, the potential positive effects of the Proposed JV 1 on 3A Group as well as the evaluation by the IA on the fairness and reasonableness of the Proposals.

Accordingly, the Board (save for the Interested Director) recommends that you vote in favour of the ordinary resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

17. EGM

The EGM, the notice of which is enclosed in the Circular, will be held at Ballroom Level 1, Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 June 2010 at 11:30 a.m. or immediately after the conclusion or adjournment of the Eighth AGM of the Company which will be held at the same venue and on the same day at 11:00 a.m., whichever is later, for the purpose of considering and if thought fit, passing the ordinary resolutions to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instruction therein to the Company's Registered Office at AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan not less than forty-eight (48) hours before that time set for the EGM or any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

18. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

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

Dato' Mohd Nor Bin Abdul Wahid
Executive Chairman

PART B

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS
OF 3A IN RELATION TO THE PROPOSALS**

8 June 2010

To: The Non-Interested Shareholders of 3A

Dear Sir / Madam,

- I. PROPOSED CO-OPERATION;**
- II. PROPOSED JV 1; AND**
- III. PROPOSED FINANCIAL ASSISTANCE**

All definitions used in this IAL shall have the same meanings as the words and expressions defined in the Definitions section of the Circular except where the context otherwise requires or where otherwise defined in this IAL.

1. INTRODUCTION

On 5 May 2010, OSK on behalf of the Board, announced the following:

- (i) 3A, on even date, entered into the Co-operation Agreement to invest and explore the possibility of setting up equity joint venture enterprises in the PRC on terms and conditions to be set out in more specific joint venture agreements to be entered into between 3A and Wilmar;
- (ii) pursuant to the Co-operation Agreement, TAFI, a wholly-owned subsidiary of 3A, on even date, entered into a joint venture agreement with YHK, a 98.39% indirectly owned subsidiary of Wilmar to incorporate a joint venture company in Shanhaiguan, PRC, namely, Three-A (Qinhuangdao) Food Industries Co. Ltd; and
- (iii) pursuant to Paragraph 8.23 of the Listing Requirements, 3A proposes to render financial assistance in favour of the joint venture companies to be incorporated pursuant to the Proposed Co-operation.

In view of the interest of certain directors and/or major shareholders of 3A in the Proposals, details of which are set out in Section 13, Part A of this Circular, the Proposals are deemed related party transactions pursuant to Paragraph 10.08 of the Listing Requirements. In this respect, HwangDBS has been appointed to act as the IA on 12 March 2010 to provide the non-interested shareholders with an independent evaluation of the Proposed Co-operation, Proposed JV 1 and the Proposed Financial Assistance as they are inter-conditional upon each other.

The purpose of this IAL is to provide the non-interested shareholders of 3A with an independent evaluation of the Proposals to form an opinion as to whether the Proposals are fair and reasonable insofar as the shareholders are concerned and whether the Proposals are detrimental to them as well as to provide our opinion and recommendation thereon, subject to the scope and limitation of our role as the IA and evaluation as specified herein.

In preparing this IAL, HwangDBS has taken cognisance of factors which we believe are of general importance to an assessment, from a financial point of view, of the impact of the Proposals on the non-interested shareholders of 3A, and therefore of general concern to the non-interested shareholders of 3A as a whole. HwangDBS is not in possession of information relating to and has not given any consideration to separate investment objectives, financial situation and specific requirements of any individual shareholder or group of shareholders.

THE NON-INTERESTED SHAREHOLDERS OF 3A ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS IAL, THE RECOMMENDATION CONTAINED HEREIN AND THE CIRCULAR TO SHAREHOLDERS (AND THE APPENDICES THEREIN) CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS AT THE FORTHCOMING EGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE PROPOSALS

The details of the Proposed Co-operation and Proposed JV 1, and Proposed Financial Assistance are set out in Section 2.1, 2.2 and Section 3 respectively in Part A of this Circular, which should be read in its entirety by the non-interested shareholders of 3A.

3. LIMITATIONS TO THE EVALUATION OF THE PROPOSALS

HwangDBS was not involved in the formulation of the terms of the Proposals or any deliberations and negotiations pertaining to the terms of the Proposals. Our scope is limited to expressing an independent opinion on the fairness and reasonableness of the terms of the Proposals, subject to the limitations stated herein. It is not within our terms of reference to express our views on the commercial merits of the Proposals, which remain the sole responsibility of the Board. As such, where comments or points of consideration are included on matters which may be commercially oriented, these are incidental to our overall financial evaluation and concern matters which we may deem material for disclosure. Neither does our appointment require us to express an opinion on the commercial merits nor feasibility of the Proposals nor render an expert opinion on legal, accounting and taxation issues relating to the Proposals.

HwangDBS has not independently verified any information provided to us for the preparation of this IAL, whether written or verbal, for its reasonableness, reliability, accuracy, correctness and/or completeness. Nonetheless, the Board has collectively and individually confirmed to us that all relevant material facts and information critical to our evaluation have been disclosed to us. The Board has also accepted full responsibility for the accuracy of the information provided to us by itself and/or its agents, advisers or experts and reproduced herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other information and/or facts, the omission of which would make any information provided to us misleading, incomplete or incorrect.

In performing our evaluation and formulating our opinion, we have relied mainly on the following sources of information/documentation:

- (i) The Co-operation Agreement and JV Agreement 1;
- (ii) information as set out in Part A of the Circular and the appendices thereto; and
- (iii) other publicly available information.

We recommend that any individual shareholder or any specific group of shareholders who may require specific advice in relation to the Proposals, in the context of their individual investment objectives, financial situation and particular needs should consult their stockbroker, banker, solicitor, accountant or other professional advisers. We will not be responsible for any damage or loss of any kind sustained or suffered by any individual shareholder or any group of shareholders in reliance on the opinion stated herein for any purpose whatsoever.

4. EVALUATION OF THE PROPOSALS

In our evaluation of the Proposals, we have considered the following:

- (i) the salient terms of the Co-operation Agreement and JV Agreement 1 and rationale for the Proposed Co-operation and Proposed JV 1;
- (ii) rationale for the Proposed Financial Assistance;
- (iii) risk factors relating to the Proposals;
- (iv) overview of the prospects of the Chinese economy and the manufacturing and food sector;
- (v) effects of the Proposals; and
- (vi) policies on foreign investments, taxation and repatriation of profits from the PRC.

4.1 Salient terms and conditions of the Co-operation Agreement and JV Agreement 1

We set out below our comments on the salient terms of the Co-operation Agreement and JV Agreement 1 as set out in Section 2.1 and 2.2, Part A of this Circular.

4.1.1 Co-operation Agreement

As set out in Section 2.1.1 (i), Part A of this Circular:

- “(i) In furtherance of the Proposed Co-operation, the Parties agree to:-*
- (a) engage in good faith negotiations;*
 - (b) unless otherwise agreed by the Parties in writing, the Parties will jointly invest up to USD40,000,000 (equivalent to approximately RM128,180,000) or such other amount as may be agreed by the Parties from time to time (“Total Aggregate Investment”);*
 - (c) unless otherwise agreed by the Parties in writing, each Party shall contribute up to 50% of the Total Aggregate Investment;*
 - (d) each Party shall be responsible for the funding of up to 50% of the Total Aggregate Investment;*
 - (e) each joint venture or investment undertaken jointly by the Parties in furtherance of the Proposed Co-operation shall be based on a separate feasibility study to be conducted;*
 - (f) each Party shall be entitled to nominate their subsidiary to enter into any joint venture agreement to be executed between the Parties (or their nominees) for the purposes of setting up an equity joint venture company in any single location in the PRC (“Provincial JVA”); and*
 - (g) nothing shall restrict the rights of either Party to engage with other third parties in relation to their respective business operation in the PRC or on a worldwide basis.”*

Commentary:

It is reasonable for the Parties to engage in good faith negotiations and discussion in relation to the Proposed Co-operation. The above terms are fair to the extent that each Party shall have equal and joint participation in the Proposed Co-operation, including the amount of capital contribution, funding for the capital contribution, and the right for the Parties to nominate their subsidiaries to form additional joint ventures in other locations in the PRC.

We noted that separate feasibility study shall be conducted for each joint venture undertaken jointly by the Parties. This term provides for careful study which forms the basis and reference for the Parties for careful evaluation before investing into any joint venture. In view that the current operating activities of the Group are predominantly in Malaysia, the feasibility study will serve as a basis for the management of the Group in making investment decision in a particular location in the PRC.

In addition, neither Party is restricted from engaging in either Party's business operation in the PRC or internationally with other third parties. This is fair and reasonable as they are able to carry out their other business activities freely as and when opportunities arise.

As set out in Section 2.1.1 (ii), Part A of this Circular:

"(ii) In respect of any joint venture company to be set up and any Provincial JVA to be entered into in furtherance of the Proposed Co-operation, the terms and conditions shall be similar in form and substance as set out in the Provincial JVA enclosed in Schedule 1 of the Co-operation Agreement."

Commentary:

The above term is fair and reasonable as the Parties are ensured equality and similar terms which have been mutually agreed under the provision of the Co-operation Agreement in relation to joint ventures between the Parties. This will avoid any future dispute upon forming subsequent joint venture companies in the PRC and reduce the time required from the Parties to make a timely decision when new opportunities arise in the future.

As set out in Section 2.1.1 (iii), Part A of this Circular:

"(iii) Law and jurisdiction"

The Co-operation Agreement shall be governed by, and construed in accordance with, the laws of Singapore and the Parties agree that any dispute arising out of or in connection with the Co-operation Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration in Singapore in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force. The arbitral tribunal shall consist of three (3) arbitrators, one to be appointed by each of the Parties and the third to be appointed by the Chairman of Singapore International Arbitration Centre and the language of arbitration shall be English."

Commentary:

Upon clear direction of the law and jurisdiction governing the Co-operation Agreement, future dispute can be avoided. In addition, Singapore has an internationally recognised and efficient legal framework. The third arbitral tribunal to be appointed by the Chairman of Singapore International Arbitration Centre will provide a fair and independent resolve to both Parties.

4.1.2 JV Agreement 1

As set out in Section 2.2.1, Part A of this Circular:

(i) Amount of investment and registered capital

"The total investment of the JV Co 1 shall be USD12,000,000 (equivalent to approximately RM38,454,000) and the registered capital of the JV Co 1 shall be USD5,100,000 (equivalent to approximately RM16,342,950).

The contribution of the registered capital subscribed by each JV Party 1 shall be USD2,550,000 (equivalent to approximately RM8,171,475), representing 50% share of the registered capital of JV Co 1."

Commentary:

The terms are fair as the registered capital of the JV Co 1 shall be equally contributed by both Wilmar (through YHK) and 3A (through TAFI).

(ii) Conditions precedent

“The JV Agreement 1 is subject to and conditional upon the following conditions being fulfilled or waived:-

- (a) *the approval for the JV Agreement 1 and Articles of Association by the relevant government department in the PRC;*
- (b) *the issuance of the business license of the JV Co 1 by the relevant authorities in the PRC (“Business License”);*
- (c) *the receipt of the written consent for making the capital contribution to the JV Co 1 from the following parties:-*
 - *all the relevant authorities as may be required under any rules, regulations and laws enforced in Malaysia and the PRC;*
 - *the directors of the JV Co 1, TAFI and YHK at a board of directors meeting to be convened;*
 - *the shareholder of TAFI at an extraordinary general meeting to be convened; and*
 - *Bank Negara Malaysia, if applicable.*
- (d) *the carrying out by both the JV Parties 1 of the due diligence exercise on each other to the satisfaction of each other; and*
- (e) *conduct of a feasibility study to the satisfaction of both TAFI and YHK.”*

Commentary:

The conditions precedent above are reasonable as these are common commercial and regulatory criteria to be met or complied before a company undertakes any investment. It is reasonable to expect that in the event any of the approvals stipulated are not obtained for the JV Agreement 1, 3A will not have any obligations to proceed with the Proposed JV 1 and neither Party can pursue any claim pursuant to the JV Agreement 1.

(iii) Profit sharing arrangement

“The JV Parties 1 shall share the JV Co 1's profits and bear the losses and risks arising from their investments in proportion to their respective contribution in the JV Co 1.”

Commentary:

The profit sharing arrangement is fair and reasonable as it is consistent with the JV Parties 1's equal sharing of investment contribution and risk bearing.

(iv) Restrictions on transfer or dealings by TAFI

“Given that the JV Co 1 will operate on the premises in close proximity to that of YHK, TAFI shall not assign, sell, pledge, mortgage or otherwise transfer or encumber any portion or all of its interest in the JV Co 1 to any party (competitors or otherwise) except with the prior written consent of YHK.”

Commentary:

It is reasonable for YHK to expect TAFI to act in good faith following the Proposed Co-operation. The above term is not detrimental to 3A as it is merely to reinforce the agreement between YHK and TAFI to act in good faith without any detrimental consequence to each of their existing business. Furthermore there are provisions in the JV Agreement 1 for the resolution of deadlock, buyout, termination and liquidation.

(v) Responsibilities of the JV Parties 1

“(a) YHK is responsible for assisting the JV Co 1 in, amongst others, applying for the relevant licences, approvals and permits required for the operation of JV Co 1’s business in the PRC as well as procuring from local sources or by way of import, the necessary facilities and assets required for the production and operations of JV Co 1.

“(b) TAFI is responsible for assisting the JV Co 1 in, amongst others, providing the necessary technical knowhow and expertise to the Proposed JV 1, procuring from overseas the necessary facilities and assets required for the production and operations of JV Co 1 as well as selling the products of JV Co 1 in the international market.”

Commentary:

The responsibilities of the JV Parties 1 are fair and reasonable as it is in line with the objective of the Proposed JV 1 to combine both parties’ respective resources and expertise for their mutual benefit. Specifically, Wilmar has business investment and extensive network in the PRC through its position as a leading distributor of staple food and bottled mineral water in the PRC whilst 3A has the technical expertise and manufacturing knowhow for food and beverage ingredients manufacturing and marketing.

(vi) Board of directors

“The board of directors will have equal representatives from the JV Parties 1.”

Commentary:

The terms governing the management and board of the JV Co are fair and reasonable as the interests of the JV Parties are equally represented in accordance with their equal proportion of shareholdings in the JV Co 1.

(vii) Duration of the Proposed JV 1

“The duration of the JV Co 1 is fifty (50) years, calculated from the date of issuance of the Business License or such other period as may be agreed and approved by the JV Parties 1.”

Commentary:

The duration term is reasonable being calculated from the date of issuance of the Business License. This will ensure that the JV Parties are bound by the provision under the terms of the Proposed JV Agreement 1 from the commencement of operations until the contemplated cessation for the sake of clarity.

(viii) Resolution of deadlock and buyout

“If the board of directors is unable to arrive at a decision on a matter which requires the unanimous consent of the board of directors provided in Article 13 of the JV Agreement 1 by reason of disagreement between themselves then a deadlock (“Deadlock”) is deemed to have occurred in relation to that matter. In the event of a Deadlock, the JV Parties 1 may act in accordance with Article 21 of the JV Agreement 1 to resolve the Deadlock.

In no circumstances shall any JV Party 1 create an artificial deadlock and then seek to exercise its rights under that provision. For the purposes of that provision, the expression “artificial deadlock” shall mean a Deadlock caused by a JV Party 1, or directors nominated by a JV Party 1, as the case may be, voting unreasonably in respect of any proposal relating to any matters, or in such a manner as to prevent the JV Co 1 from carrying its business properly and efficiently.”

Commentary:

The terms to resolve deadlock and buyout is reasonable as it provides an avenue for either JV Parties to exit from their investment in the event of a deadlock in an orderly manner which has been agreed upfront as a mean to resolve a deadlock situation. This will prevent disruptions on the business operations of the JV Co 1 until the deadlock, if any, is resolved.

(ix) Applicable law

“The formation, validity, interpretation and performance of the JV Agreement 1, and any disputes arising under the JV Agreement 1, shall be governed by the published law of the PRC, if there is no published law in the PRC governing a particular matter relating to the JV Agreement 1, reference shall be made to general international commercial practices.”

Commentary:

It is fair and reasonable to expect the JV Agreement 1 to be governed by the applicable law of the PRC as the formation and carrying out of business operations of the JV Co 1 are predominantly in the PRC. In the absence of published law, both parties shall make reference to international commercial practices.

We also noted that Article 27 of the JV Agreement 1 stipulates the following:

“If one Party’s economic benefits under this Contract are adversely and materially affected by the promulgation of any new laws or regulations of the People’s Republic of China or the amendment or interpretation of any existing laws, rules or regulations of the People’s Republic of China after the Effective Date of this Contract, all Parties shall promptly consult with each other and use their best endeavours to implement any adjustments necessary to maintain each Party’s economic benefits derived from this Contract on a basis no less favourable than the economic benefits it would have derived if such laws or regulations had not been promulgated or amended or so interpreted. If it is not possible to implement such adjustments, any Party whose benefits are adversely and materially affected may terminate this Contract.”

The above terms are fair and reasonable as 3A shall have the option to exit the JV Agreement 1 should the Group be adversely and materially affected by any possible future changes to the laws or regulations governing the JV Agreement 1. The principle of reciprocity is being observed for both Parties.

4.1.3 Rationale for the Proposed Co-operation and Proposed JV 1

The rationale for the Proposed Co-operation and Proposed JV 1 as set out in Section 6, Part A of this Circular are reasonable as 3A is currently a leading food and beverage ingredient manufacturer in Malaysia. The rationale is also in line with the 3A’s management plans to expand overseas.

According to a report by Asia Analytica Sdn Bhd that appeared in the The Edge Daily on 20 October 2009, 3A has suggested the possibility of setting up manufacturing facilities with Wilmar for food ingredient products in neighbouring countries, such as the PRC. Wilmar, being one of the world’s largest refiners and traders for crude palm oil, is also a leading distributor of staple food, such as cooking oil, flour, rice and bottled mineral water in the PRC. Wilmar’s extensive network, both upstream and downstream, is expected to work just as well for food and beverage ingredient products that 3A specialise in. The Company’s business has been growing at a rapid pace, with a compounded rate of 30% per annum between year 2003 to year 2008. Its plans for the next few years will further underpin growth, forecast to be in the double-digit range annually.

Partnering with Wilmar will help 3A to penetrate the world's most populous market more effectively and significantly expand its business operations beyond its existing markets. The potential for the food related industry is further supported by the positive outlook of the economies and industries as set out in Section 4.4 of this IAL.

4.2 Rationale for the Proposed Financial Assistance

We have considered the details of the Proposed Financial Assistance as set out in Section 3, Part A of this Circular. Based on the terms of the JV Agreement 1:

- (a) the JV Parties 1 may fund the difference between the total amount of investment and the registered capital by borrowings in the PRC or abroad or by shareholder loans from the JV Parties 1;
- (b) the shareholder loans (if any) extended to the JV Co 1 shall be in proportion to the JV Parties 1's respective share of the registered share capital in the JV Co 1; and
- (c) any loan guarantee (if required) for the shareholder loans shall be provided in proportion to the JV Parties 1's respective shareholding in the JV Co 1.

In respect of any joint venture company to be set up and any Provincial JVA to be entered into pursuant to the Proposed Co-operation, the terms and conditions shall be similar in form and substance as set out in the JV Agreement 1.

Pursuant to the Proposed Co-operation, the Parties will jointly invest up to USD40 million (equivalent to RM128.180 million), or such other amount as may be agreed by the Parties from time to time. The total estimated investment cost by 3A for JV Co 1 and or other new joint venture companies that may be set up is up to USD20 million (equivalent to RM64.090 million). Excluding the initial registered capital obligations of USD2.55 million (equivalent to RM8.171 million) for the JV Co 1, the total financial assistance by 3A Group for the Proposed Co-operation is estimated to be up to USD17.45 million (equivalent to RM55.918 million). The approval of shareholders of 3A is sought to facilitate the Proposed Financial Assistance of up to USD17.45 million (equivalent to RM55.918 million) by 3A to the JV Co 1 and any other new joint venture companies that may be set up for the Proposed Co-operation.

We have also considered the rationale of the Proposed Financial Assistance in our evaluation. As set out in Section 6.2, Part A of this Circular, the Proposed Financial Assistance will facilitate the granting of shareholder loan/loan guarantee for the setting up/development of joint venture companies to be incorporated pursuant to the Proposed Co-operation.

Commentary:

As set out in Section 4.2 (i), Part A of this Circular, TAFI has an issued and paid-up share capital of RM2 and is currently dormant. It is not likely for TAFI to obtain financing in view of its lack of operating track record.

The Group has, pursuant to its recent private placement which was completed on 12 November 2009, raised gross proceeds of RM46.2 million. As set out in Section 2.3, Part A of this Circular, the total investment cost by TAFI for the Proposed JV Co 1 will be up to USD6 million (equivalent to RM19.227 million). The initial registered capital obligations of USD2.55 million (equivalent to RM8.171 million) will be funded through 3A's placement proceeds, while the remaining investment cost of USD3.45 million (equivalent to RM11.056 million) will be funded via 3A's internal funds. In the future, should the JV Parties establish new joint venture companies, additional funding may be required. Thus, the Proposed Financial Assistance will ensure that future funding requirements will be met expediently and ensure continued development and completion of the Proposed Co-operation for their joint venture projects in the PRC.

Premised on the above, we are of the opinion that the rationale for the Proposed Financial Assistance is reasonable and not detrimental to the non-interested shareholders of 3A.

4.3 Risk factors relating to the Proposals

We have reviewed the risk factors outlined by the Group (which may not be exhaustive) relating to the Proposals in Section 8, Part A of this Circular.

We note that most of the risk factors are systematic risks that are commonly faced by businesses involved in joint venture carrying out business operations overseas. Although the Group will seek to mitigate these risks, no assurance can be given that any or all of the above risk factors will not materially and adversely affect the business performance of the Group.

In addition, we outlined the following additional risk factors which may have an effect on the Group:

4.3.1 Need for future capital injection

As the joint venture business progresses, there may be a need to raise additional funding for the future carrying on of the business and/or working capital of the JV Co 1 in respect of the Proposed JV 1, of which the amount cannot be quantified at this juncture. In the event that such additional capital is required there is no assurance that the funding will be available, and if available, that it will be on the terms satisfactory to YHK and TAFI. There is also no assurance that the capital contribution will be recovered in the future.

4.3.2 Risk of unresolved disputes/disagreements between the Parties

As set out in Section 6.1, Part A of the Circular, the Proposed JV 1 combines the JV Parties 1's respective resources and expertise for the mutual benefits of the JV Parties 1. Since this is a joint venture between two different companies, the management styles and approach in respect of the daily operations of the JV Co 1 may be different. Disputes and disagreements may occur and unresolved disputes may potentially lead to a deadlock which may disrupt the business operations of the JV Co 1.

4.3.3 Competition and new market entrants

The JV Co 1 may face challenges from both local and foreign manufacturers operating in the similar sector. Such competitors may achieve higher cost efficiency and innovation which in turn allows their products to be more competitive.

Although 3A may undertake the necessary effort to keep up its competitiveness, there can be no assurance that the 3A Group will not be affected by future technological or world economic changes that will shift the comparative advantages between countries or the emergence of other low cost suppliers from emerging countries or new market entrants.

4.4 Overview of the prospects of the Chinese economy and the manufacturing and food sector

4.4.1 Global economy

We note that the products of the JV Co 1 will be sold in the international market. The shareholders may also take note of the overview and future prospects of the global economy.

The global recovery is proceeding better than expected but at varying speeds – tepidly in many advanced economies and solidly in most emerging and developing economies. World growth is now expected to be 4.25 percent. Among the advanced economies, the United States is off to a better start than Europe and Japan.

Among emerging and developing economies, emerging Asia is leading the recovery, while many emerging European and some Commonwealth of Independent States economies are lagging behind. This multi-speed recovery is expected to continue.

Although the downturn in many Asian economies in late 2008 was steeper than expected, the recovery came quickly and was just as sharp. Output growth in 2009 in almost all Asian economies was stronger than projected in the October 2009 World Economic Forum, with Japan a notable exception.

The recovery has also been more balanced in Asia than elsewhere, with output growth in most economies supported by both external and domestic demand. And even though macroeconomic stimulus was substantial, private demand also gained traction in many economies. Ample policy room and strong sectoral balance sheets suggest that for many economies in the region, the recovery will be relatively robust.

(Source: World Economic Outlook, April 2010, Rebalancing Growth, International Monetary Fund, 2010)

4.4.2 The PRC economy

In addition to the prospect of the PRC's economy as outlined in Section 7.1 of Part A of the Circular, we have also taken note of the following:

According to the National Bureau of Statistics of China, in the first quarter of 2010, all regions and departments effectively implemented the policies and measures set by the Central Party Committee and the State Council and firmly carried out the packages of policies on dealing with the international financial crisis. The momentum of national economic recovery has further expanded, which has laid a good foundation for reaching the targets set for the whole year.

According to the preliminary estimation, the GDP of the PRC in the first quarter of this year was 8,057.7 billion yuan, a year-on-year increase of 11.9 percent, which was 5.7 percentage points higher than that in the same period last year. The value added of the primary industry was 513.9 billion yuan, up by 3.8 percent; that of the secondary industry was 3,907.2 billion yuan, up by 14.5 percent; and that of the tertiary industry was 3,636.6 billion yuan, up by 10.2 percent.

The total retail sales of consumer goods reached 3,637.4 billion yuan, a year-on-year rise of 17.9 percent, which was 2.9 percentage points higher than that in the same period last year. The retail sales in cities reached 3,057.1 billion yuan, up by 18.4 percent, and the retail sales in rural areas stood at 580.3 billion yuan, up by 15.4 percent. Grouped by consumption patterns, the income of catering industry was 407.7 billion yuan, up by 16.7 percent; that of retail sales of commodities, 3,229.7 billion yuan, up by 18.1 percent. In particular, the retail sales by businesses above designated size reached 1,287.7 billion yuan, up by 29.6 percent. Rapid growth was registered in emerging areas for consumption where the sales of motor vehicles rose by 39.8 percent; that of furniture went up by 37.6 percent, and that of household appliances and audio-video equipment grew by 29.6 percent.

The consumer prices went up by 2.2 percent. The price rose by 2.1 percent in cities and 2.4 percent in rural areas. The prices for food rose by 5.1 percent; prices for tobacco, liquor and articles up by 1.6 percent; health care and personal articles up by 2.4 percent; housing, up by 2.9 percent; prices for clothing down by 0.9 percent; household facilities, articles and maintenance services down by 0.9 percent; transportation and communication down by 0.1 percent; and recreation, education, culture articles and services down by 0.1 percent. In terms of month-on-month change, in March this year, the consumer prices dropped by 0.7 percent. In the first quarter of this year, the producer prices for manufactured goods went up by 5.2 percent year-on-year. In March, it was up 0.5 percent month-on-month. In the first quarter, the year-on-year growth of purchasing prices for raw materials, fuels and power was 9.9 percent.

The per capita total income of urban household was 5,787 yuan. Of this total, the per capita disposable income of urban population was 5,308 yuan, a year-on-year growth of 9.8 percent, or a real growth of 7.5 after deducting price factors. Of the per capita total income of urban household, the year-on-year growth of wage income was 9.7 percent; transferred income 13.3 percent; net income from operation 7.5 percent; and 17.0 percent from property income. The per capita cash income of rural population was 1,814 yuan, up by 11.8 percent year-on-year, or 9.2 percent growth in real term. Of this total, the growth of wage income was 16.3 percent; household operating income 7.6 percent; property income 15.6 percent; and 13.8 percent from transferred income.

(Source: Further Expanding Momentum of China's Economic Recovery in the First Quarter of 2010, National Bureau of Statistics of China, 15 April 2010)

4.4.3 The PRC manufacturing sector

Since the reform and opening-up, the PRC's manufacturing industry has enjoyed a very fast development and its general scale has ranked in top places in the world with very obvious comparative advantages internationally.

Currently, as the pillar industry of the national economy of the PRC, the manufacturing industry serves as the dominant sector for economic growth and basis for economic transformation. As an important basis for the economic and social development, the manufacturing industry is the main channel for employment in cities and towns of the PRC and the major embodiment of international competitiveness of the PRC. As the main symbol of the improvement of comprehensive national power of the PRC in the past over 20 years, the comprehensive development and optimised upgrading of the manufacturing industry have enabled the PRC to primarily establish the status as a “big country of manufacturing” and laid the sound foundation for the PRC to transform into a “strong country of manufacturing”.

(Source: Invest in China, 2010)

4.4.4 The PRC food sector

The speed with which the PRC has built a dominant position in the global supply of food additives and ingredients is truly astonishing, according to a new report from Leatherhead Food Research (LFR).

As the world's third largest economy after the US and Japan, the PRC accounts for almost two-thirds of global monosodium glutamate production, almost a third (30%) of global production of food colours and vitamins, 40% of the market for emulsifiers, stabilisers and thickeners and a quarter of global starch production. It has also become the world's leading supplier of soy protein isolate and regained the top spot in global honey production after an import ban earlier in the decade.

While some businesses have been built up over several decades, others have grown at record speed, notes the report. For example, the PRC's production of flavours and fragrances for food use more than doubled from around 145,000 tonnes to 300,000 tonnes between 2000 and 2008.

Indeed, within a decade, production of certain ingredients has shifted almost exclusively to the PRC as US and European manufacturers have thrown in the towel or struck deals with Chinese producers to try and get a slice of the action. Multinational firms such as Associated British Foods (via British Sugar), Givaudan, Cargill, Firmenich and DSM have also made significant investments in the market, both in production and research and development facilities.

However, the PRC's rapid growth in food ingredients has not been without controversy, said LFR, with some commentators claiming it was able to price competitors out of the market thanks to export subsidies from the government enabling it to sell goods below cost, while some firms did not maintain the same quality, traceability, health and safety and environmental standards as their Western counterparts.

Food safety has also been a major issue following a series of food scares culminating in last year's melamine scandal, while intellectual property has also proved contentious, with some firms accusing Chinese manufacturers of patent infringement.

As for finished food and drink products, the PRC has also made staggering progress over the last decade, notes the report, and is now a leading supplier of meat, seafood and dairy products. Perhaps more surprisingly, it is also the world's fifth largest wine-maker (volumes almost doubled between 2005 and 2008).

(Source: China dominates additives supply, Food Manufacture, 30 November 2009)

With a population of 1.3 billion, the PRC is a market that no consumer products company can afford to ignore. Over the 2009 calendar year, economic growth accelerated to 8.7%, retail sales of consumer products achieved growth of 16.9% and, significantly, rural retail sales growth outpaced growth in urban sales as a result of a series of government initiatives to boost consumption through the recession.

Central and Western China is home to 60% of the country's population, so rising sales here - albeit government subsidised - are indicative of even stronger growth potential to come.

(Source: Cautious optimism – Analysis of transactions in the global consumer products sector, Ernst and Young, 2010)

4.4.5 Prospects of the JV Co 1

As extracted from Section 7.2, Part A of this Circular, the prospects of the JV Co 1 is as follows:

“The prospects of the JV Co 1, which involves the setting up of a factory in the PRC for the business of manufacturing and selling of food and beverage ingredients, will be largely dependent on the prospects of the food industry in the PRC.”

The PRC's economy has grown rapidly in the last few decades, and the food and drink sector has seen a boom in output – with 150 per cent growth between the years of 2004 and 2008. In the first five months of year 2009, the output of the country's food industry was 1.82 trillion yuan, an increase of 14.6 percent over the same period of year 2008.

In year 2000, production of flavours, flavourings and fragrances was almost 145,000 tonnes – but by year 2008 it had more than doubled to 300,000 tonnes. Increasing demand for flavours from Chinese food manufacturers has led to rapid growth in the last decade and has encouraged more foreign firms to set up their operations in the PRC.

The Asia Pacific region is said to account for 17 per cent of the global demand for flavours, and domestic demand in the PRC has been a driver for expansion. It is estimated that between 90,000 and 100,000 tonnes of the PRC's production is used by the domestic industry.

In light of the prospects of the food industry in the PRC, the Board expects the JV Co 1 to contribute positively to the future earnings of the 3A Group, upon commencement of the JV Co 1's operations, thereby translating to better returns to the shareholders of 3A in the long term.

The time frame for the Proposed JV 1 and the financial resources required to be committed by 3A Group are set out in Section 12 and Section 2.3 of Part A of this Circular respectively.”

We have considered the statements above and are of the view that the Group's plans for the Proposed JV 1 augur well for the future prospects of the Group. As outlined in Section 4.4.4 of this IAL, the PRC has built a dominant position in the global supply of food additives and ingredients. The nation with the world's largest population position has a growing market that no consumer products company will ignore. Shareholders of 3A will benefit from the move that the management will put in for the Group and the encouraging future prospects of the JV Co 1.

4.5 Effects of the Proposals

We have also taken into consideration the effects of the Proposals as set out in Section 10, Part A of this Circular:

“(i) Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed JV 1 and Proposed Financial Assistance will not have any effect on the issued and paid-up share capital and the substantial shareholders' shareholdings in 3A as the Proposed JV 1 and Proposed Financial Assistance does not involve the issuance of new 3A Shares.

(ii) NA per share, earnings and EPS

The Proposed JV 1 and Proposed Financial Assistance are not expected to have any material effect on the NA per share, earnings and EPS of 3A for the FYE 31 December 2009 (assuming that the relevant proposals had been effected in year 2009) and FYE 31 December 2010 as the Proposed JV 1 does not involve the issuance of new 3A Shares and is expected to commence business operations in year 2011. 3A is expected to apply the equity method of accounting for its share of profits or losses in the JV Co 1.

However, in the long term, the Proposed JV 1 is expected to contribute positively to the future NA per share, earnings and EPS of 3A Group as a result of the expected profit to be derived from the JV Co 1 in the long run. The Proposed Financial Assistance will ensure the availability of resources to fund the business requirement of JV Co 1 in a more expedient manner thereby allowing the resources and time to be channelled towards its business operations.

(iii) Gearing

The Proposed JV 1 and Proposed Financial Assistance are not expected to have any material effect on the gearing of 3A Group on the assumption that the JV Co 1 will be accounted for using the equity method of accounting.”

Commentary:

The non-interested shareholders should note that the Proposals would have an impact on the future financial results of the 3A Group arising from, amongst others, the successful development of the JV Co 1's business as well as the financing costs and expenses associated with the Proposed JV 1. There is no assurance that the anticipated economic benefits from the Proposed JV 1 will be realised and contribute positively to the future financial results of the Group. As in any joint venture investment, the rewards come with associated risks.

Furthermore, it should be noted that in the event of dissolution of the JV Co 1, the Group may not be able to fully recover the capital contribution which it has injected into the business.

4.6 Policies on foreign investments, taxation and repatriation of profits from the PRC

We have also taken into consideration the expert's opinions in relation to policies on foreign investments, taxation and repatriation of profits from the PRC as set out in Appendix I of this Circular.

(i) Policy on foreign investment

In the PRC:

- (a) there are no exchange control restrictions and the JV Co 1 is free to acquire, hold and sell foreign currency and securities without restriction;
- (b) there are no government restrictions on the shareholdings in a PRC business company by a foreign company; and
- (c) there are no requirements for any person in the PRC to participate as an equity participant in a PRC business company.

(ii) Taxation

There is a double taxation agreement between the PRC and Malaysia, effective since 1986, whereby the taxation charged for dividends paid by a resident company in the PRC to a resident of Malaysia shall not exceed 10% of the gross amount of the dividends.

(iii) Repatriation of capital, profits and dividends

In the PRC, there are no government restrictions in the PRC on repatriation of dividends, capital gains or other form of income or profits derived from an investment in a PRC business company by a non-resident in the PRC.

Commentary:

The above policies in the PRC are transparent to the Group. The openness of the foreign investment policy may enable the JV Parties to determine the structure and formation of the JV Co 1 at its discretion, which would in turn result in more efficient management of the business operations of the JV Co 1. The freedom in repatriation of capital, profits and dividends may enable the Group to reap financial benefits accruing from the business operations in the PRC, including retrieval of capital from the PRC in the event of dissolution of the Proposed Co-operation as well as free repatriation of profits back to the 3A Group.

5. CONCLUSION AND RECOMMENDATION

We summarise our evaluation of the Proposals as follows:

(i) Salient terms and conditions of the Co-operation Agreement and JV Agreement 1

The salient terms of the Co-operation Agreement and JV Agreement 1 are generally fair and reasonable as far as the Group is concerned and not detrimental to the non-interested shareholders of the Group. The principle of reciprocity is being observed.

(ii) Rationale for the Co-operation and Proposed JV 1

The rationale for the Proposed Co-operation and Proposed JV 1 is reasonable as 3A is currently in the food ingredient manufacturing business. The Proposed Co-operation and Proposed JV 1 combine both parties' respective resources and expertise for their mutual benefit. Upon successful operation of the Proposed JV 1, it is expected to contribute positively to the future earnings of the Group over the long term.

(iii) Rationale for the Proposed Financial Assistance

In line with the business expansion of the Group, the Proposed Financial Assistance will enable the Group to successfully implement the Proposed Co-operation and ensure continued development and completion of the Proposed Co-operation as well as accord the flexibility to finance and fund future joint ventures between 3A and Wilmar in the PRC.

(iv) Risk factors relating to the Proposals

Most of the risk factors are systematic risks that are commonly faced by businesses involved in joint venture carrying out business operations overseas. Shareholders are advised to take note that although the Group will seek to mitigate these risks, no assurance can be given that any or all of the above risk factors will not materially and adversely affect the business performance of the Group.

(v) Overview of the prospects of the Chinese economy and the manufacturing and food sector

Both the global and the PRC economies show signs of recovery, amid at a varying pace. The PRC continues to record rapid growth in various sectors. The prospects of the manufacturing and food sectors are expected to be favourable due to the strong growth of the PRC economy. The outlook and prospects of the Proposed JV 1 are encouraging due specifically to the huge sizable market underpinned by expected strong future growth.

(vi) Effects of the Proposals

The Proposals would have an impact on the future financial results of the 3A Group arising from, amongst others, the successful development of the JV Co 1's business as well as the financing costs and expenses associated with the Proposed JV 1. There is no assurance that the anticipated economic benefits from the Proposed JV 1 will be realised and contribute positively to the future financial results of the Group.

(vii) Policies on foreign investments, taxation and repatriation of profits from the PRC

The policies on foreign investments, taxation and repatriation of profits from the PRC are transparent and investment friendly. There are no government and regulatory or restrictions which are detrimental to the business operations of the JV Co 1.

Premised on the above, we are of the opinion that the Proposals are fair and reasonable, and not detrimental to the non-interested shareholders of 3A.

ACCORDINGLY, WE RECOMMEND THAT THE NON-INTERESTED SHAREHOLDERS OF 3A VOTE IN FAVOUR OF THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM OF 3A.

Yours faithfully
For and on behalf of
HWANGDBS INVESTMENT BANK BERHAD

HWANG LIP TEIK
Chief Executive Officer

YEO TECK HOOI
Senior Vice President & Head
Corporate Finance

EXPERT'S OPINION IN RELATION TO POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
REPATRIATION OF PROFITS IN THE PRC



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19 May 2010

Three-A Resources Berhad

AL 308, Lot 590 & Lot 4196,
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47000 Selangor Darul Ehsan

Attention: The Board of Directors

By Fax/Courier: +603 6140 3275

Teh & Lee
A-3-3 & A-3-4 Northpoint Offices
Mid Valley City
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Attention: Mr. Billy Lee Chong Hoe / Ms Wong Kiat Ling

By Fax/Courier: +603 2283 2500

OSK Investment Bank Berhad (14152-V)

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Jalan Ampang
50450 Kuala Lumpur

Attention: Mr. Tan Meng Kim-Director, Corporate Finance

By Fax/Courier: +603 2175 3217

Dear Sirs,

EXPERT’S REPORT ON THE POLICIES ON FOREIGN INVESTMENTS OF THE PEOPLE’S REPUBLIC OF CHINA (“PRC”, FOR THE PURPOSE OF THIS REPORT, EXCLUDING HONG KONG SPECIAL ADMINISTRATIVE REGION OF PRC, MACAO SPECIAL ADMINISTRATIVE REGION OF PRC AND TAIWAN PROVINCE) IN CONNECTION WITH THE PROPOSED INCORPORATION OF A JOINT VENTURE IN THE PRC BY THREE-A FOOD INDUSTRIES (M) SDN. BHD (THE “COMPANY”) AND ITS PRC COUNTER PARTY (“PROPOSED INCORPORATION”)

We act as legal advisers for Three-A Resources Berhad for the incorporation of a joint venture to be done by the Company and its PRC partner collectively in the PRC (the “JV Company”). We are duly qualified to practice law within the PRC and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever. Accordingly, we are duly qualified to issue this Expert’s Report (“Report”).

We have been instructed by Three-A Resources Berhad to provide an expert report on the policies on foreign investments (including taxation, foreign exchange control), in particular, the repatriation of capital and the remittance of profits by the JV Company to the Company as well as expected timeframe for the repatriation of capital.

Based on the foregoing, the following is a brief summary of:

- (i) the laws, decree regulations and administrative rules and requirements being in effect in the PRC which may affect the repatriation of capital and the remittance of profit by the JV Company to the Company and the timeframe for the repatriation of capital; and
- (ii) an illustration of how these would have impact on the availability of cash and cash equivalents for use by the JV Company and the remittance of dividends, interest or other payments to the Company.

1. Foreign Investment Policies in the PRC

The three major Chinese government policies concerning foreign investment in the PRC are outlined in the “Provisions on Guiding the Orientation of Foreign Investment”, the “Catalogue for the Guidance of Foreign Invested Industries (Amended in 2007) as well as the “Catalogue of Priority Industries for Foreign Investment in the Central-Western Region (Amended in 2008). These provisions classify investment projects into encouraged, permitted, restricted and prohibited

categories. In general, projects engaged in the high-tech, agriculture, forestry, telecommunications, and export oriented sectors will be strongly encouraged and further supported by government agencies from financial and tax respects.

Foreign investment enterprises (“**FIEs**”) can take many forms such as wholly foreign owned enterprise, equity joint venture (“**EJV**”), co-operative joint venture or foreign invested partnership enterprise.

EJVs are governed by the Law of Chinese-foreign Equity Joint Ventures of the PRC, which was promulgated on 1 July 1979, first amended on 4 April 1990 and secondly amended on 15 March 2001, and its Implementation Regulations promulgated on 20 September 1983, which has had three amendments as on 15 January 1986, 21 December 1987 and 22 July 2001 respectively (together the “**EJV Law**”).

EJVs are also governed by the amended Company Law of the PRC, which came into effect on 1 January 2006. Based on the rule that special laws prevail over common laws, if there is any conflict, the EJV Laws will prevail.

The establishment of an EJV will have to be approved by the Ministry of Commerce (the “**MOC**”) (or its delegated authorities). A copy of the contract between the investors must also be submitted to the MOC (or its delegated authorities) for its records. After obtaining approval from the MOC, an EJV must also obtain a business licence from the State Administration for Industry and Commerce (or its delegated authorities) before it can commence business.

An EJV is a limited liability company under the EJV Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to respective amount of registered capital contributed. A foreign investor may make its contributions by installments and the registered capital must be contributed within the period as approved by the MOC (or its delegated authorities) in accordance with relevant regulations.

2. Repatriation of Capital and Remittance of Profits and Dividend

The EJV Law provides that after payment of taxes, an EJV must make contributions to reserve fund and employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund shall be determined by the board of directors of the EJV. The reserve fund may be used by an EJV to make up its losses and with the consent of the examination and approval authority, can also be used to expand its production operations and to increase its capital.

The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up. The employee bonus and welfare fund can only be used for the collective benefit and facilities of the employees of the EJV.

When foreign investors of an FIE want to remit profits or dividends of current year abroad, the foreign investors and the FIE shall present the following documents to the designated foreign exchange banks:

- (i) Tax payment certificate and taxation declaration form (for enterprises enjoying tax reduction or exemption, certificate of tax reduction or exemption issued by domiciled taxation administration shall be provided) indicating payment or exemption of taxes;
- (ii) Auditing Report of the current year issued by Certified Public Accountants (“CPA”) indicating losses (if any) of previous years have been made up;
- (iii) Resolution of the board of directors on the distribution of profits or dividends;
- (iv) Foreign Exchange Registration Card (which is issued by the State Administration of Foreign Exchange for companies to transact foreign exchange related affairs);
- (v) Capital Verification Report issued by CPA to verify that the FIE’s registered capital has been fully paid-up.

If foreign investors want to remit profit or dividends of previous year abroad, in addition to the documents prescribed above, an auditing report issued by CPA on the financial position of the relevant accounting years during which such profits or dividends yielded should also be submitted to the designated foreign exchange bank.

The designated foreign exchange bank will review the documents submitted and if all the requirements are met, should remit the profits or dividends abroad for the FIE. Subject to compliance with the above conditions, there is no limitation on the frequency of which an FIE may remit the profits or dividends abroad.

Under the PRC laws, foreign investors are not allowed to repatriate the capital of FIEs out of PRC unless the repatriation of the capital has been duly approved by MOC (or its delegated authorities) under the capital change or liquidation situations. The repatriation of the capital is further subject to the approval of the State Administration for Foreign Exchange (or its delegated authorities). Further, FIEs are not allowed to provide loan or advance to its foreign investors if such loan or advances are remitted abroad in foreign exchange.

3. Taxation

The applicable income tax laws, regulations, notices and decisions relating to FIEs and their investors include the following:

- (i) Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises adopted by the NPC on 9 April 1991 and which ceased to be effective as of 1 January 2008 (“**FIE Tax Law**”);
- (ii) Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises promulgated by the State Council, which came into effect on 1 July 1991 which ceased to be effective as of 1 January 2008;
- (iii) Notice Relating to Taxes Applicable to Foreign Investment Enterprises / Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains obtained from Holding and Transferring of Shares promulgated by the State Tax Bureau on 21 July 1993;
- (iv) The Income Tax Law Applicable to Individuals of the PRC promulgated by the Standing Committee of National People’s Congress (“**NPC**”) on 10 September 1980, which was amended by the Standing Committee of NPC on 30 August 1999, 27 October 2005, 29 June 2007 and 29 December 2007 which came into force on 1 March 2008;
- (v) Notice on Relevant Policies Concerning Individual Income Tax issued by the Ministry of Finance and the State Administration of Taxation on 13 May 1994;
- (vi) Notice on Reduction of Income Tax in Relation to Interests and Gains Derived by Foreign Enterprises from the PRC, promulgated by the State Council on 18 November 2000 (“**Notice 37**”);
- (vii) The Enterprise Income Tax Law of the PRC promulgated by the NPC on 16 March 2007 (“**New Income Tax Law**”) and came into effect on 1 January 2008;
- (viii) Implementing Regulations of the Enterprise Income Tax Law of the PRC promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008 (“**Implementing Regulations of New Income Tax Law**”); and

- (ix) Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period promulgated by the State Council, which came into effect on 1 January 2008.
- (x) Notice on the Implementation of Preferential Transitional Tax on Newly Established High-tech Enterprises in Special Economic Zones and in Shanghai Pudong New Area promulgated by the State Council, which came into effect on 1 January 2008.

The following is a summary of the material tax that applies to FIEs:

- (a) Income tax on FIE

According to the FIE Tax Law, FIEs (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and wholly foreign owned enterprises established in the territory of the PRC) are required to pay a national income tax at a rate of 30% of their taxable income and a local income tax at a rate of 3% of their taxable income.

A FIE engaged in production having a period of operation of not less than ten years shall be exempted from national income tax for the first two profit-making years and a 50% reduction in the national income tax payable for the next three years (“**Two-year Exemption and Three-year 50% Reduction**”). The income tax concession for FIEs engaged in the exploitation of resources such as petroleum, natural gas, rare metals and precious metals are regulated separately by the State Council.

FIEs established in special economic zones, foreign enterprises having an establishment in special economic zones engaged in production or business operations and FIEs engaged in production in economic and technological zones may pay national income tax at a reduced rate of 15%. FIEs engaged in production established in coastal economic open zones or in the old urban districts of cities where the special economic zones or the economic and technological development zones are located may pay national income taxes at a reduced rate of 24%. A reduced national income tax rate of 15%, may apply to an enterprise located in such regions which is engaged in energy, communication, harbour, wharf or other projects encouraged by the State.

Losses incurred in a tax year may be carried forward for not more than five years.

The people's governments of provinces, autonomous regions and municipalities directly under the central government may grant exemptions from or reduce local income tax for a FIE engaged in an industry or a project encouraged by the State.

Pursuant to the New Income Tax Law, FIEs are required to pay an income tax at a rate of 25% of their taxable income. Enterprises set up with approval prior to the promulgation of the New Income Tax Law that enjoy low preferential tax rate in accordance with the tax laws and administrative regulations at the current period may, pursuant to the provisions of the State Council, gradually transit to the tax rate provided herein within five years of the implementation of this Law. Where such enterprises enjoy regular tax exemption and reduction, the treatment continues to apply until expiry after the implementation of this law. However, those that fail to be entitled to this treatment by reason of not making any profits, the preferential period shall be calculated from the year when this law is implemented.

Pursuant to the Circular, an enterprise which enjoyed preferential treatment shall gradually transit to the rate of 25%, i.e. an enterprise that used to enjoy the preferential enterprise income tax of 24% should be subject to the enterprise income tax of 25% from 1 January 2008 whilst an enterprise that used to enjoy the preferential enterprise income tax of 15% should be subject to the enterprise income tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 respectively. For the enterprise enjoying preferential policy of Two-year Exemption and Three-year 50% Reduction will continue such enjoyment until its preferential period is completed according to the original PRC laws, administrative regulations and provisions. However, regarding those enterprises that have not enjoyed the aforesaid preferential policy due to them not being profit-making, the preferential period shall commence from 1 January 2008.

(b) Value added tax

According to the Provisional Regulations of the People's Republic of China Concerning Value Added Tax promulgated by the State Council came into effect on 1 January 1994, which was amended on 5 November 2008 and its implementing Rules, value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

Value added tax payable in the PRC is charged on an aggregate basis at a rate of 13% or 17% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17% on the charges for the taxable services provided but excluding, in respect of both goods and services, any amount paid in respect of value added tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchase of goods and services in the same financial year.

(c) Business tax

With effect from 1 January 1994, businesses that provide services, assign intangible assets or sell immovable property are subject to business tax at a rate ranging from 3% to 20% of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

(d) Tax on dividends from PRC enterprise with foreign investment

Before the enforcement of the New Income Tax Law, the dividends paid by FIEs to their foreign investors are exempted from withholding tax. However, following the enforcement of the New Income Tax Law from 1 January 2008, dividends for the year 2008 and the years afterwards distributed from FIEs to foreign investors shall be subject to the Enterprise Income Tax. The New Income Tax Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. However, the Implementing Regulations of New Income Tax Law reduced the rate from 20% to 10%, effective from 1 January 2008.

The PRC and Malaysia signed an Agreement between the Government of the Republic of China and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income on 23 November 1985 (the “**Arrangement**”) which becomes effective from 14 September 1986. According to the Arrangement, dividends paid by a company which is a resident of the PRC to a resident of Malaysia shall be taxed in the PRC according to the PRC laws, but if the beneficial owner of the dividends is a resident of Malaysia the tax so charged shall not exceed 10% of the gross amount of the dividends.

- (e) Tax on rental, interest, royalty from PRC enterprise with foreign investment

According to Notice 37, income such as rental, interest and royalty from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions which relate to FIEs and their investors.

- (f) Income tax on non-resident enterprises' equity transfer income

Capital gains realized by shareholders from sales of shares in the PRC are subject to PRC income tax. Pursuant to the Circular of the State Administration of Taxation on Strengthening Administration of Enterprise Income Tax on Non-Resident Enterprises' Equity Transfer Income effective on January 1, 2008 (“**Circular 698**”), when a foreign investor (the actual controlling party) transfers a Chinese resident enterprise equity indirectly, if the actual tax rate is lower than 12.5% in the country (region) where the transferred offshore holding company is located or the country (region) does not levy income tax to its resident on overseas income, then the enterprise shall provide the documents in accordance with the Circular 698 to the local tax authority where the Chinese resident enterprise registered with within 30 days after the signing of the equity transfer contract.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Several Issues regarding Corporate Income Tax Treatment of Corporate Restructuring Transactions effective on January 1, 2008 (“**Circular 59**”), enterprises engaged in cross-border equity transfer may benefit from the special tax treatment provided that they satisfy the criteria set forth in the Circular 59.

Generally, when a foreign enterprise transfers its equity interest in a Chinese enterprise, the foreign enterprise shall pay PRC income tax for its capital gains (if any) under the New Income Tax Law, the Implementing Regulations of New Income Tax Law and above-mentioned Circulars.

4. Foreign Exchange Control

Major reforms have been introduced to the foreign exchange control system of the PRC since 1993.

On 28 December 1993, the People's Bank of China ("PBOC"), with the authorization of the State Council issued the Notice on Further Reform of the Foreign Exchange Control System which came into effect on 1 January 1994. Other new regulations and implementation measures include the Regulations on the Foreign Exchange Settlement, Sale and Payments which were promulgated on 20 June 1996 and took effect on 1 July 1996 and which contain detailed provisions regulating the settlement, sale and payment of foreign exchange by enterprises, individuals, foreign organizations and visitors in the PRC and the Administration Regulations of the PRC on Foreign Exchange Control which were promulgated on 29 January 1996 and took effect on 1 April 1996 and which contain detailed provisions in relation to foreign exchange control. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange, which took effect on 1 July 1996. On 25 October 1998, the PBOC and the State Administration for Foreign Exchange ("SAFE") issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which states that from 1 December 1998, all foreign exchange transactions for FIEs may only be conducted through authorised banks.

On 14 January 1997, the State Council amended and re-promulgated the PRC Foreign Exchange Administration Regulations by segregating international earnings into current activities and capital activities. Except for foreign exchange relating to capital activities, the use of foreign exchange for current activities does not require the approval from the Foreign Exchange Control Department. The PRC Foreign Exchange Administration Regulation was further amended on 1 August 2008 and re-promulgated on 5 August 2008 to tighten restrictions on foreign exchange inflow and relax the approach to foreign exchange outflow.

These regulations contain detailed provisions regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organisations in the PRC.

On 21 July 2005, the Public Announcement of the People's Bank of China on Reforming the RMB Exchange Rate Regime (the "Announcement") was promulgated by the PBOC. In accordance with the Announcement, the PRC government has reformed the RMB exchange rate regime into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, giving more flexibility as compared with the former

system in which the RMB was pegged to the US dollar. Under this reformed system, the PBOC announces the closing price of a foreign currency traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and will make it the central parity for trading against the RMB on the following working day. PRC banks licensed to engage in foreign exchange transactions use the closing price announced by the PBOC as a basis and decide a rate of their own to enter into foreign exchange sale and purchase transactions with customers, such rate shall be within a specified floating band around the central parity which may be adjusted by the PBOC from time to time according to the economic and financial condition in the PRC.

Under the PRC Foreign Exchange Administration Regulations (1997 amended version), international payments and transfers are segregated into current account items and capital account items. All organizations and individuals within the PRC, including FIEs, are required to remit their foreign exchange earnings to the PRC. The foreign exchange earnings under the current account items of all PRC enterprises, other than those FIEs, which are allowed to retain a part of their regular foreign exchange earnings or specifically exempted under the relevant regulations, are to be sold to designated banks. Foreign exchange earnings under the capital account items obtained from borrowings from foreign institutions or issues of shares or bonds denominated in foreign currency need not be sold to designated banks, but must be kept in foreign exchange bank accounts of designated banks unless specifically approved otherwise. On 1 August 2008, the State Council further amended the PRC Foreign Exchange Administration Regulations (“**New Foreign Exchange Administration Regulations**”) which became effective from 5 August 2008. According to the New Foreign Exchange Administration Regulations, foreign exchange earnings of domestic institutions and individuals could be repatriated into the PRC as well as deposited overseas. The conditions and time limitation for repatriation into the PRC or deposit overseas shall be specified by the State Council foreign exchange management departments in accordance with the international balance payments situations and the needs of foreign exchange managements. Furthermore, foreign exchange earnings under the current account items could be retained or sold to financial institutions which conduct business of settlement, sale and payment of foreign exchange.

At present, control of the purchase of foreign exchange is being relaxed. Enterprises within the PRC which require foreign exchange for their ordinary trading and non-trading activities, import activities and repayment of foreign debts may purchase foreign exchange from designated banks if the application is supported by the relevant documents without the need for any prior approvals of the SAFE. In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable

regulations, such as the distribution of profits by a FIE to its foreign investors, then, subject to the due payment of tax on such dividends the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks, and when the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan of that enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval of the foreign exchange administration authority is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee or make any investment outside of the PRC or to enter into any other capital account transaction involving the purchase of foreign exchange.

5. Capital Injection to FIEs

Under the current applicable PRC laws and regulations, the foreign investors of the FIE may invest their capital into the PRC by the following manners:

(i) Contribution to the outstanding registered capital

The foreign investors of FIE are obliged to pay off the outstanding registered capital of the FIE within the time limit as approved by the approving authority and stipulated in its articles of association.

When the foreign investors have fully paid their outstanding registered capital of the FIE, they may apply to the relevant authorities to increase the registered capital of the FIE and make contribution to the increased registered capital.

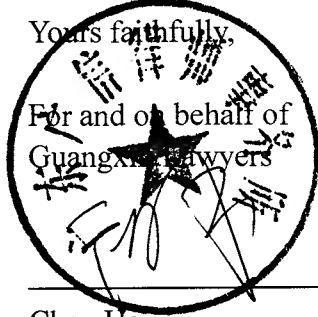
(ii) Shareholder's loan

The foreign investors of FIE may provide shareholder's loan to the FIE. The parties should enter into written loan agreement and the loan agreement should be filed with the local SAFE. The shareholder's loan of a FIE should not exceed the difference between the registered capital and the total investment amount of the FIE.

(iii) Upon obtaining the prior approval of the relevant authorities, to establish a new FIE and make contribution to the registered capital of the new FIE.

This Opinion is not to be read as conclusive of all legal matters in aforementioned areas nor does it extend by any implication to any other matter in connection with Listco or otherwise.

Yours faithfully,



Chen He
Partner

LEGAL OPINION ON THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE LAWS OF THE PRC



广信律师事务所

GUANGXIN LAWYERS

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19 May 2010

Three-A Resources Berhad

AL 308, Lot 590 & Lot 4196,
Jalan Industri, U19,
Kampung Baru Seri Sungai Buloh,
47000 Selangor Darul Ehsan

Attention: The Board of Directors

By Fax/Courier: +603 6140 3275

Teh & Lee
A-3-3 & A-3-4 Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur

Attention: Mr. Billy Lee Chong Hoe / Ms Wong Kiat Ling

By Fax/Courier: +603 2283 2500

OSK Investment Bank Berhad (14152-V)

19th Floor, Plaza OSK
Jalan Ampang
50450 Kuala Lumpur

Attention: Mr. Tan Meng Kim – Director, Corporate Finance

By Fax/Courier: +603 2175 3217

Dear Sirs

JOINT VENTURE CONTRACT DATED 5TH MAY 2010 FOR THE ESTABLISHMENT AND OPERATION OF THREE-A (QINHUANGDAO) FOOD INDUSTRIES CO., LTD BETWEEN YIHAI KERRY INVESTMENTS CO., LTD. AND THREE-A FOOD INDUSTRIES (M) SDN. BHD.

We refer to the above.

1. General

- 1.1 We are duly qualified to practice law within the PRC and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever and as such are qualified to issue this Opinion on the laws of the PRC.
- 1.2 We have been requested to render a legal opinion on the enforceability of the joint venture contract dated 5th May 2010 for the establishment and operation of Three-A (Qinhuangdao) Food Industries Co. Ltd. between Yihai Kerry Investments Co., Ltd. and Three-A Food Industries (M) Sdn. Bhd. (hereinafter “**the JV Contract**”). We are acting for Three-A Resources Berhad.
- 1.3 We have examined the copies of the following documents to our satisfaction: -
- (a) Three-A Resources Berhad’s shareholders’ circular;
 - (b) the Articles of Association of the JV Company; and
 - (c) the JV Contract.
- 1.4 Our opinion is confined to and given on the basis of the laws of PRC effective as at the date of this opinion. We have made no investigation of the laws of any other jurisdictions and do not express or imply any opinion thereon. It is assumed that no foreign law will affect the opinions stated herein.
- 1.5 In giving this opinion, we have made the following assumptions :-
- (a) that all documents submitted to us as copy, photocopy or specimen documents are complete and conform to their originals;
 - (b) that the signatures, seals and any stamp duty or marking on the originals of all documents submitted to us are genuine;
 - (c) that all the documents have been duly authorized, executed and delivered by and on behalf of each of the parties thereto;

(d) that all the information that may influence this Opinion has been provided and/or disclosed to us without any concealment, omission or misleading statement.

1.6 This letter is addressed to you solely for your own use and may not be used for any other purpose nor by anyone else (other than your directors and the professional advisers to the Company) and may not be relied upon by or distributed to anyone else, except with our express consent. We hereby consent to the delivery of copies of this opinion to Three-A Resources Berhad, OSK, Teh & Lee and other regulatory authorities in Malaysia.

2. **Opinion**

(1) Summary of Enforceability of Agreements, Representations and Undertakings under Laws of the PRC

The principal laws and regulations of the PRC addressing contractual and non-contractual civil activities, such as agreements, representations and undertakings are the Contract Law of the PRC, the General Principles of the Civil Law of the PRC and their interpretations issued by the Supreme People's Court. Autonomy, fairness, honesty and good faith are the footstones of these statutes, as well as the benchmark to decide whether an agreement, representation or undertaking is enforceable in China.

Regarding effectiveness of contracts, Article 44 and Article 45 of Contract Law read:

“A lawfully formed contract becomes effective upon its formation.

Where effectiveness of a contract is subject to any procedure such as approval or registration, etc. as required by a relevant law or administrative regulation, such provision applies.

The parties may prescribe that effectiveness of a contract be subject to certain conditions. A contract subject to a condition precedent becomes effective once such condition is satisfied.”

Accordingly, the above laws provide detailed articles to articulate the situations causing an agreement, representation and undertaking null and void. Articles 52 and 54 of Contract Law read:



“A contract shall be null and void under any of the following circumstances: (a) either party enters into the contract by means of fraud or coercion and impairs the State’s interests; (b) there is malicious conspiracy causing damage to the interests of the State, of the collective or of a third party; (c) there is an attempt to conceal illegal goals under the disguise of legitimate forms; (d) harm is done to social and public interests; or (e) mandatory provisions of laws and administrative regulations are violated.

Either party has the right to request a people’s court or an arbitration institution to alter or rescind any of the following contracts: (a) any contract which is made under substantial misunderstanding; or (b) any contract the making of which lacks fairness.”

Therefore, agreements, representations and undertakings that are not made in any of the above situations shall be considered as valid and enforceable and binding on contracting parties.

Further, it was newly adopted by the Interpretations of the Supreme People's Court on Certain Issues concerning the Application of Contract Law of the People's Republic of China (Part II), which came into effect on 13 May 2009, that “Where material changes which are unforeseeable by the parties at the time of concluding the contract and which are not caused by force majeure and are not commercial risks happen to objective conditions after the contract has been concluded, and specific performance of the contract will be obviously unfair for one party or can not realize the contractual purposes, if the parties claim with the people's court for alteration or rescission of the contract, the people's court shall determine whether to alter or rescind the contract or not according to the principle of fairness and in line with the actual conditions of the case.”

(2) Validity and Enforceability of the JV Contract

The JV Contract is governed by and interpreted in accordance with the PRC laws. Subject to the fulfillment of conditions precedent as set out in the Joint Venture Contract and the limitations as set out above, the JV Contract is valid and enforceable against Yihai Kerry Investments Co., Ltd..

3. Qualifications

The opinion set out above is subject to the following qualifications:-

- (a) We express no opinion as to any laws other than the laws of PRC as at the date hereof and we have assumed that there is nothing in any other law that affects our opinion.
- (b) Enforcement as regards the binding nature and enforceability of the JV Contract may be limited by bankruptcy, insolvency, liquidation, administrative procedures, moratoria, voluntary arrangements, reorganization, fraudulent transfers and other laws of general application relating to or affecting the rights of creditors generally and affecting the enforcement of rights generally.
- (c) Our opinion that an obligation or document is “**enforceable**” means that the obligation or document is of a type and form which PRC courts enforce in principle. It should not be taken to mean that the obligations or document can necessarily be enforced in accordance with its terms in all circumstances.

Yours faithfully

For and on behalf of
Guangxin Lawyers



Chen He
Partner

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. CONSENT AND CONFLICT OF INTEREST

The written consent of OSK to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear have been given and have not been subsequently withdrawn before the issue of this Circular. As at the date of this Circular, OSK is not aware of any equity and/ or financial relationship with the Company which exists or is likely to exist that may result in a conflict of interest situation in its role as the Adviser to 3A for the Proposals.

The written consent of HwangDBS to the inclusion in this Circular of its name and IAL (as per Part B of this Circular) and all references thereto in the form and context in which they appear have been given and have not been subsequently withdrawn before the issue of this Circular. As at the date of this Circular, HwangDBS is not aware of any equity and/ or financial relationship with the Company which exists or is likely to exist that may result in a conflict of interest situation in its role as the IA to the non-interested directors and non-interested shareholders of 3A for the Proposals.

The written consent of Guangxin Lawyers to the inclusion in this Circular of its name and opinion letters (as per Appendix I and Appendix II of this Circular) and all references thereto in the form and context in which they appear have been given and have not been subsequently withdrawn before the issue of this Circular. As at the date of this Circular, Guangxin Lawyers is not aware of any equity and/ or financial relationship with the Company which exists or is likely to exist that may result in a conflict of interest situation in its role as the legal counsel to the Company for the rendering of the opinion letter.

3. MATERIAL LITIGATION, CLAIM OR ARBITRATION

As at LPD, neither 3A and/ or its subsidiaries are engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Board do not have any knowledge of proceedings pending or threatened against the Group, or any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of the Group.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred by 3A Group:-

	RM'000
Capital commitments	
- Approved and contracted for	11.438
Contingent liabilities	
- Corporate guarantees provided to licensed financial institutions in respect of credit facilities granted to a subsidiary company	45.314

5. MATERIAL CONTRACTS

Save for the Co-operation Agreement and JV Agreement 1 and those disclosed below, as at LPD, neither 3A nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular:-

- i. Sale and Purchase Agreement dated 26 March 2010 whereby Excellent Chemicals Industrial Sdn Bhd is desirous of selling and San Soon Seng Food Industries Sdn. Bhd. is desirous of purchasing a piece of leasehold land held under HS(M) 9108, PT 27688, Bt 14, Jalan Kuala Selangor, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan, measuring in approximately 4,106 square meters together with a factory erected thereon and bearing the postal address of Lot 9108, Jalan Industri U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan, free from all encumbrances and with vacant possession but subject to the restrictions in interest and conditions now or presently expressed or implied on the register document of title at the purchase price of RM1,600,000.00.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of 3A Shares as traded on the Main Market of Bursa Securities for the last 12 months from June 2009 to May 2010 are as follows:-

	High RM	Low RM
2009		
June	0.475	0.345
July	0.485	0.375
August	0.61	0.43
September	0.95	0.55
October	1.70	0.81
November	1.77	1.21
December	1.64	1.23
2010		
January	2.15	1.51
February	2.36	1.99
March	2.28	1.92
April	2.08	1.80
May	1.96	1.56
Last transacted market price of 3A Shares on 4 May 2010 (being the last transacted price immediately before the announcement of the Proposed JV)		1.79
The last transacted market price on 3 June 2010 (being the latest practicable date prior to the printing of this Circular)		1.72

(Source: Bloomberg)

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan during normal business hours from the date hereof up to the time fixed for the holding of the EGM:-

- i. Memorandum and Articles of Association of 3A;
- ii. audited consolidated financial statements of 3A for the past two (2) FYE 31 December 2008 and 31 December 2009 and the latest unaudited consolidated financial results for the FPE 31 March 2010;
- iii. audited consolidated financial statements of TAFI for the past two (2) FYE 31 December 2008 and 31 December 2009 and the latest unaudited financial results for the FPE 31 March 2010;
- iv. expert's opinion in relation to policies on foreign investments, taxation and repatriation of profits in the PRC dated 19 May 2010 as set out in Appendix I of this Circular;
- v. legal opinion on the enforceability of agreements, representations and undertakings given by foreign counter-parties under the laws of the PRC dated 19 May 2010 as set out in Appendix II of this Circular;
- vi. Co-operation Agreement;
- vii. JV Agreement 1;
- viii. letters of consent referred to in Section 2 above; and
- ix. material contracts referred to in Section 5 above.

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THREE-A RESOURCES BERHAD

(Company No. 481559-M)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Three-A Resources Berhad ("3A" or "Company") will be held at Ballroom Level 1, Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 June 2010 at 11:30 a.m. or any adjournment thereof, for the purpose of considering and if thought fit, passing the following ordinary resolutions:-

ORDINARY RESOLUTION I

PROPOSED CO-OPERATION BETWEEN 3A AND WILMAR INTERNATIONAL LIMITED ("WILMAR") IN THE PEOPLE'S REPUBLIC OF CHINA ("PROPOSED CO-OPERATION");

"**THAT**, subject to the passing of Ordinary Resolution II and Ordinary Resolution III as well as the approvals of the relevant authorities being obtained, approval be and is hereby given to the Company (or its nominee(s)) to undertake the proposed co-operation with Wilmar (or its nominee(s)), in accordance with the terms and conditions as contained in the Framework Co-operation Agreement entered into by the Company and Wilmar on 5 May 2010 ("Co-operation Agreement") and any amendments thereto.

AND THAT save for Sun Yi-Ling, being the interested director in the Proposed Co-operation, the Directors be and are hereby authorised to give effect to the aforesaid Proposed Co-operation and to take all such steps and do all acts and things in any manner as they may deem fit, necessary or expedient in the best interest of the Company, to implement, finalise and give full effect to the Proposed Co-operation.

ORDINARY RESOLUTION II

PROPOSED JOINT VENTURE BETWEEN THREE-A FOOD INDUSTRIES (M) SDN. BHD. (FORMERLY KNOWN AS THREE-A PLANTATIONS (PAHANG) SDN. BHD.) ("TAFI"), A WHOLLY-OWNED SUBSIDIARY OF 3A AND YIHAI KERRY INVESTMENTS CO, LTD. ("YHK"), A 98.39% INDIRECTLY OWNED SUBSIDIARY OF WILMAR ("PROPOSED JV 1)

"**THAT**, subject to the passing of Ordinary Resolution I and Ordinary Resolution III as well as the approvals of the relevant authorities being obtained, approval be and is hereby given to TAFI to undertake the proposed joint venture with YHK, in accordance with the terms and conditions as contained in the Joint Venture Agreement entered into by TAFI and YHK on 5 May 2010 ("JV Agreement 1") and any amendments thereto.

AND THAT save for Sun Yi-Ling, being the interested director in the Proposed JV 1, the Directors be and are hereby authorised to give effect to the aforesaid Proposed JV 1 and to take all such steps and do all acts and things in any manner as they may deem fit, necessary or expedient in the best interest of the Company, to implement, finalise and give full effect to the Proposed JV 1.

ORDINARY RESOLUTION III

PROPOSED PROVISION OF FINANCIAL ASSISTANCE BY 3A IN FAVOUR OF THE JOINT VENTURE COMPANIES TO BE INCORPORATED PURSUANT TO THE PROPOSED CO-OPERATION ("PROPOSED FINANCIAL ASSISTANCE")

"**THAT**, subject to the passing of Ordinary Resolution I and Ordinary Resolution II as well as the approvals of the relevant authorities being obtained, approval be and is hereby given to 3A to render financial assistance in favour of the joint venture companies to be incorporated pursuant to the Proposed Co-operation, at an indicative amount of up to USD17,450,000 (equivalent to approximately RM55,918,525), including but not limited to shareholders' loan to the joint venture companies and/ or loan guarantee for the benefit of the joint venture companies.

AND THAT save for Sun Yi-Ling, being the interested director in the Proposed Financial Assistance, the Directors be and are hereby authorised to give effect to the aforesaid Proposed Financial Assistance and to take all such steps and do all acts and things in any manner as they may deem fit, necessary or expedient in the best interest of the Company, to implement, finalise and give full effect to the Proposed Financial Assistance.

By order of the Board,

Ng Bee Lian (MAICSA 7041392)
Company Secretary

Kuala Lumpur
8 June 2010

Notes:-

1. *A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.*
2. *The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).*
3. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.*



THREE-A RESOURCES BERHAD

(Company No. 481559-M)

(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

I/We.....

of.....

being a member/members of THREE-A RESOURCES BERHAD hereby appointof.....

or the Chairman of the meeting as my/our proxy to attend and vote as indicated hereon on my/our behalf at the Extraordinary General Meeting of the Company to be held at Ballroom Level 1, Tropicana Golf & Country Resort 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 29 June 2010 at 11:30 a.m. or any adjournment thereof:-

ORDINARY RESOLUTIONS	FOR	AGAINST
Proposed Co-operation		
Proposed JV 1		
Proposed Financial Assistance		

(Please indicate with a cross (x) in the appropriate box how you wish your vote to be cast in respect of the resolution. In the absence of specific direction, your proxy will vote or abstain from voting as he thinks fit.)

Dated this day of2010

Number of shares held	
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.....
Signature/ Common Seal of Shareholder(s)

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his /their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
THREE-A RESOURCES BERHAD (481559-M)
AL 308, Lot 590 & Lot 4196
Jalan Industri, U 19
Kampung Baru Seri Sungai Buloh
47000 Selangor Darul Ehsan

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