

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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THREE-A RESOURCES BERHAD

(Company No. 481559-M)
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO:**

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

Notice of the Seventh AGM to be held at Ballroom, Level 1, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday 9 June 2009 at 10.00 am and the Form of Proxy are set out in the 2008 Annual Report despatched together with this Circular.

Please complete and return your Form of Proxy in accordance with the instructions thereon as soon as possible to the Registered Office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19 Kampung Baru Seri Sungai Buloh, 47400 Selangor Darul Ehsan, Malaysia, not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy:

6 June 2009 at 10.00 a.m.

THIS CIRCULAR IS DATED 5 MAY 2009

DEFINITIONS

Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Circular:

“Act”	Companies Act, 1965, as amended from time to time
“AGM”	Annual General Meeting
“Board”	Board of Directors of Three-A
“Bursa Securities”	Bursa Malaysia Securities Berhad (635998-W)
“CCM”	Companies Commission of Malaysia
“Director”	Shall have the meaning given in Section 4 of the Act and for purposes of the Proposed Shareholders’ Mandate includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Director of the Company or other company which is subsidiary or holding company or a chief executive officer of Three-A, its subsidiary or holding company.
“Excellent”	Excellent Chemical Industrial Sdn. Bhd (154612-P)
“Listing Requirements”	The Listing Requirements of Bursa Securities as at the date of this Circular
“Major Shareholder”	<p>A person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is :-</p> <ul style="list-style-type: none">(a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or(b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company. <p>This includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of Three-A or any other company which is its subsidiary or holding company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act.</p>
“Person connected”	<p>Such person, in relation to a director or major shareholder, who falls under any one of the following categories:</p> <ul style="list-style-type: none">(a) A member of the director’s or major shareholder’s family;(b) A trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director, major shareholder or a member of the director’s or major shareholder’s family is the sole beneficiary;(c) A partner of the director, major shareholder or a partner of a person connected with that director or major shareholder;(d) A person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;(e) A person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;(f) A body corporate or its directors which/who is/are accustomed or under an

DEFINITIONS

	obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder;
	(g) A body corporate or its directors whose directions, instructions or wishes the director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;
	(h) A body corporate in which the director or major shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
	(i) A body corporate which is a related corporation
“Proposed New Shareholders’ Mandate”	Proposed new shareholders’ mandate for additional recurrent related party transactions of a revenue or trading nature
“Proposed Renewal of Existing Shareholders’ Mandate”	Proposed renewal of existing shareholders’ mandate for recurrent related party transactions of a revenue or trading nature
“Proposed Shareholders’ Mandate”	Proposed New Shareholders’ Mandate and Proposed Renewal of Existing Shareholders’ Mandate
“Related Party” or “Related Parties”	A director, major shareholder or person connected with such director and/or major shareholder
“RRPT”	Recurrent related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for daily operations and are in the ordinary course of business of the Three-A Group.
“RM” and “sen”	Ringgit Malaysia and sen, respectively
“Seong Chan”	Seong Chan Sauce & Foodstuff Sdn Bhd (169817-V)
“SSSFI”	San Soon Seng Food Industries Sdn Bhd (179092-H)
“Three-A” or “Company”	Three-A Resources Berhad (481559-M)
“Three-A Group” or “Group”	Three-A and its subsidiary companies collectively
“Three-A Share(s)” or “Shares”	Ordinary share(s) of RM0.20 each fully paid-up in Three-A
“TPPSB”	Three-A Plantation (Pahang) Sdn Bhd (804938-V)

TABLE OF CONTENTS

DIRECTORS' LETTER TO SHAREHOLDERS CONTAINING:

	Particulars	Page
1.0	INTRODUCTION	1
2.0	DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE	2
3.0	REVIEW PROCEDURES IN RELATION TO THE RRPT	5
4.0	EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE	6
5.0	INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM	6
6.0	DIRECTORS' RECOMMENDATION	7
7.0	AGM	8
8.0	FURTHER INFORMATION	8
	APPENDIX I FURTHER INFORMATION	9



THREE-A RESOURCES BERHAD

(Company No. 481559-M)

(Incorporated in Malaysia)

Registered Office

AL 308, Lot 590 & Lot 4196,
Jalan Industri,
U 19 Kampung Baru Seri Sungai Buloh,
47400 Selangor Darul Ehsan,
Malaysia

Date : 5 May 2009

Directors:

Dato' Mohd Nor Bin Abdul Wahid (Non-Independent Executive Chairman)

Fang Chew Ham (Deputy Executive Chairman and Managing Director)

Fang Chu King @ Tong Chu King (Executive Director)

Foong Chiew Fatt (Executive Director)

Fang Siew Yee (Executive Director)

Fang Siew Ping (Executive Director)

Liew Kuo Shin (Executive Director)

Fong Chiew Hean (Non-Independent Non-Executive Director)

Chew Eng Chai (Independent Non-Executive Director)

Khoo Wee Boon (Independent Non-Executive Director)

Tan Chon Sing @ Tan Kim Tieng (Independent Non-Executive Director)

Mohd Zaki Bin Hamzah (Independent Non-Executive Director)

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

Dear Sir/Madam,

PROPOSED SHAREHOLDERS' MANDATE

1.0 INTRODUCTION

The Company had, during the Sixth AGM of the Company held on 13 May 2008, obtained its shareholders' approval for the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of Chapter 10 of the Bursa Securities Listing Requirements. The said authority conferred by the shareholders will lapse at the conclusion of the forthcoming Seventh AGM of the Company to be held on 9 June 2009, unless the renewal of the authority is obtained from the shareholders of the Company at the forthcoming Seventh AGM.

On 31 March 2009, the Board of Directors of the Company announced the Company's intention to seek approval of its shareholders for the Proposed Shareholders' Mandate.

The purpose of this Circular is to provide you with detailed information in respect of the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution thereto to be tabled at the forthcoming Seventh AGM.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE ATTACHED APPENDIX BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT OUR FORTHCOMING AGM.

2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Proposed Shareholders' Mandate

Under Part E, Paragraph 10.09 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year;
- (iii) the listed issuer to issue a circular to shareholders for the shareholders' mandate; and
- (iv) in a meeting to obtain shareholders' mandate, interested directors, interested major shareholders or interested persons connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with them abstain from voting on the resolution approving the transactions.

The Company proposes to seek its shareholders' approval for the Proposed Shareholders' Mandate to allow the Company to enter into transactions in the normal course of business with the classes of Related Parties, provided such transactions are entered into at arms' length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and which will not be to the detriment of the minority shareholders.

The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM, will continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the forthcoming Seventh AGM, at which the Proposed Shareholders' Mandate is passed, at which time such mandate will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (ii) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting.

whichever is earlier.

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

2.2 Principal Activities of the Three-A Group

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

Name	Effective Equity Interest %	Principal activities
SSSFI	100	Manufacturing and selling of food and beverage ingredients
TPPSB	100	Dormant

2.3 Classes of Related Parties of Recurrent Transactions

The recurrent transactions for which the Proposed Renewal of Shareholders' Mandate is sought are in respect of transactions to be entered into by the following classes of Related Parties, in their normal course of business:

	Related Parties	Principal Activities	Interested Directors and/or Major Shareholders and Persons Connected	Nature of Relationship
(i)	Seong Chan	Sauce manufacturer	Fang Chew Ham Foong Chiew Fatt Fong Chiew Hean Fong Chu King @ Tong Chu King Fang Siew Yee Fang Siew Ping Liew Kuo Shin	Note (i)
(ii)	Excellent	Manufacturer and dealer in chemical products	Fang Chew Ham Foong Chiew Fatt Fong Chiew Hean Fong Chu King @ Tong Chu King Dato' Mohd Nor Bin Abdul Wahid Fang Siew Yee Fang Siew Ping Liew Kuo Shin	Note (ii)

Notes:

- (i) *Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King @ Tong Chu King, who are Directors and Major Shareholders of the Company, are substantial shareholders of Seong Chan.*

Fang Siew Yee and Fang Siew Ping, who are Directors of the Company, are deemed interested as they are the daughters of Fang Chew Ham. Liew Kuo Shin who is a Director of the Company is deemed interested as he is the son-in-law of Fang Chew Ham.

- (ii) *Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King, who are Directors and Major Shareholders of the Company, are substantial shareholders of Excellent.*

Fang Siew Yee and Fang Siew Ping, who are Directors of the Company, are deemed interested as they are the daughters of Fang Chew Ham. Liew Kuo Shin who is a Director of the Company is deemed interested as he is the son-in-law of Fang Chew Ham.

Dato' Mohd Nor Bin Abdul Wahid, who is a Director of the Company, is a substantial shareholder in Excellent.

2.4 Nature of the RRPT and estimated value

- i) The Proposed Renewal of Existing Shareholders' Mandate will apply to the following Related Parties:

	Company in the Three-A Group	Transacting parties	Nature of transaction	*Estimated aggregate value from date of the forthcoming Seventh AGM to the next AGM# (RM'000)
(a)	SSSFI	Seong Chan	Sale of finished products by SSSFI to Seong Chan	800

- ii) The Proposed New Shareholders' Mandate will apply to the following Related Parties:

	Company in the Three-A Group	Transacting parties	Nature of transaction	*Estimated aggregate value from date of the forthcoming Seventh AGM to the next AGM# (RM'000)
(a)	SSSFI	Excellent	Monthly rental of approximately RM14,500 to be paid by SSSFI to Excellent for occupying a factory building and land with an approximate gross area of 103,570 square feet, situated at No. HS(M) 9107 Lot 27686 & No. HS(M) 9108 Lot 27688, Mukim Sungai Buloh, Negeri Selangor Darul Ehsan	174

Notes:-

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

The Proposed Shareholders' Mandate will take effect from the Seventh AGM to the date of the next AGM in 2010.

2.5 Rationale and Benefits of the RRPT

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

The Proposed Shareholders' Mandate and the renewal thereof on an annual basis would avoid the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when the RRPT occur or arise. This would substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings on an ad-hoc basis, and allow manpower resources and time to be channelled towards attaining corporate objectives. The RRPT will also give additional business volume to the Group, thereby improving the turnover and profit of the Group.

2.6 Disclosure

Disclosure on the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on the following information will be made in the Company's Annual Report and the Annual Reports for subsequent financial years that the mandate continues in force :

- (i) the type of RRPT made; and
- (ii) the names of the Related Parties involved in each type of the RRPT made and their relationship with the Company.

2.7 Condition for the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming AGM of the Company.

3.0 REVIEW PROCEDURES IN RELATION TO THE RRPT

3.1 Review Procedures

The terms and conditions of the RRPT are determined based on normal commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations and negotiated on a *willing buyer willing seller* basis.

To monitor the Recurrent Transactions, the following internal review procedures have been implemented:

- (i) Any quotation or contract received from or proposed to be entered with a Related Party will be reviewed by senior management who will ascertain if it is an approved RRPT. Such quotation or contract will not be approved unless the terms offered to the Group are comparable with those offered by other unrelated parties for the same or substantially similar type of transactions. The transactions with a Related Party will only be entered into after taking into account the pricing, quality, deliverables, level of service and other related facts including competitors prices of similar products and services in the open market;

- (ii) All transactions entered into pursuant to the RRPT will be reviewed on a quarterly basis by the Audit Committee to ensure that they are transacted on terms and conditions which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders in the light of the circumstances concerned. Furthermore, the Audit Committee of the Company shall also have the discretion to request for additional procedures to be followed if it considers such a request to be appropriate;
- (iii) Records will be maintained by the Company to capture all RRPT entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (iv) The Audit Committee has and shall continuously review the adequacy and appropriateness of the procedures, as and when required, with the authority to sub-delegate to individuals or committee within the Company as they deem appropriate;
- (v) If a member of the Board or of the Audit Committee has an interest, as the case may be, he/she shall abstain from Board or Audit Committee deliberation and voting on the resolution in respect of the RRPT; and
- (vi) Where shareholders' mandate has been obtained, disclosure shall be made in the annual report of the aggregate value of RRPT conducted pursuant to the mandate during the financial year.

3.2 Statement by the Audit Committee

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

- (i) the RRPT will be conducted at arm's length and on normal commercial terms; and
- (ii) such transactions are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

4.0 EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the issued and paid-up share capital, substantial shareholdings, consolidated earnings per share and net assets of the Company.

5.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed in Section 2.3 above, none of the Directors and/or Major Shareholders of Three-A Group and/or persons connected to them have any interest, direct or indirect in the Proposed Shareholder's Mandate.

Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King, Fang Siew Yee, Fang Siew Ping, Liew Kuo Shin and Dato' Mohd Nor Bin Abdul Wahid, being the interested Directors of Three-A, have and will abstain from Board deliberation and voting on the Proposed Shareholders' Mandate at all Board meetings.

Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King @ Tong Chu King, who are also interested Major Shareholders of Three-A, and Fang Siew Yee, Fang Siew Ping, Liew Kuo Shin and Dato' Mohd Nor Bin Abdul Wahid will abstain and undertake to ensure that the persons connected to them will abstain from voting, in respect of their direct

and indirect shareholdings on the resolution relating to the Proposed Shareholders' Mandate at the forthcoming AGM.

The direct and indirect interests of the interested Directors and Major Shareholders of Three-A as at 8 April 2009 (being the last practicable date prior to the printing of this Circular) are as follows:-

Interested Directors/Major Shareholders	Direct Interest		Indirect Interest	
	No. of Three-A Shares	%	No. of Three-A Shares	%
Dato' Mohd Nor Bin Abdul Wahid	10,878,000	3.5	-	-
Fang Chew Ham	-	-	137,346,602 ¹	44.6
Fong Chiew Hean	16,570,960	5.4	29,191,640 ²	9.5
Foong Chiew Fatt	16,030,960	5.2	30,147,640 ³	9.8
Fong Chu King @ Tong Chu King	11,496,680	3.7	32,977,320 ⁴	10.7
Fang Siew Yee	320,000	0.1	685,000 ⁵	0.3
Fang Siew Ping	480,000	0.2	320,000 ⁶	0.1
Liew Kuo Shin	205,000	0.1	320,000 ⁷	0.1

Notes:-

- 1 Indirect interest via his shareholdings in Fang Chew Nam Holdings Sdn Bhd, shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King @ Tong Chu King, and his daughters Fang Siew Yee and Fang Siew Ping
- 2 Indirect interest via shareholdings of his siblings Fang Chew Ham, Foong Chiew Fatt, Fong Chu King @ Tong Chu Kin, his spouse Yeoh Ha Wah, his son Fong Peng Man and his daughter Fong Sau Mui
- 3 Indirect interest via shareholdings of his siblings Fang Chew Ham, Fong Chiew Hean, Fong Chu King @ Tong Chu King, and his daughters Foong Kin and Foong Sau Chun
- 4 Indirect interest via shareholdings of his siblings Fang Chew Ham, Foong Chiew Fatt and Fong Chiew Hean, and his son Fong Peng Fai
- 5 Indirect interest via shareholdings of her father Fang Chew Ham, her spouse Liew Kuo Shin, and her sister Fang Siew Ping
- 6 Indirect interest via shareholdings of her father Fang Chew Ham and her sister Fang Siew Yee
- 7 Indirect interest via shareholdings of his spouse Fang Siew Yee

6.0 DIRECTORS' RECOMMENDATION

The Directors of the Company (save for the interested Directors named in section 5.0 who have abstained and will continue to abstain from Board deliberation and voting in respect of the Proposed Shareholders' Mandate), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that they are in the best interest of the Three-A Group and accordingly recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

7.0 AGM

The Seventh AGM, the notice of which is enclosed in the 2008 Annual Report of Three-A, will be held at Ballroom, Level 1, Tropicana Golf and Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday 9 June 2009 at 10.00 am for the purpose of considering and, if thought fit, passing, inter alia, the Ordinary Resolution on the Proposed Shareholders' Mandate under the agenda of Special Business as set out in the 2008 Annual Report of the Company.

You will also find in the 2008 Annual Report of Three-A, a copy of the Form of Proxy. If you are unable to attend and vote in person at the Seventh AGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed therein as soon as possible and in any event, so as to arrive at the Company's Registered Office at AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19 Kampung Baru Seri Sungai Buloh, 47400 Selangor Darul Ehsan, Malaysia at least forty-eight (48) hours before the time set for the Seventh AGM. The lodgement of the Form of Proxy will not preclude you from attending and voting in person at the Seventh AGM should you subsequently wish to do so.

8.0 FURTHER INFORMATION

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

Yours faithfully,

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

CHEW ENG CHAI
Independent Non-Executive Director

FURTHER INFORMATION

1. Directors' responsibility statement

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

2. Material litigation

Three-A Group is not engaged in any material litigation, claims or arbitration either as a plaintiff or defendant, which has a material effect on the business or financial position of Three-A Group and the Board has not knowledge of any proceeding pending or threatened against Three-A and/or its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or the business of Three-A Group.

3. Material contracts

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

4. Documents available for inspection

Copies of the following documents are available for inspection at the registered office of the Company, during normal business hours from Mondays to Fridays (excluding public holidays) for the period commencing from the date of this Circular to the date of the forthcoming AGM:-

- (a) the Memorandum and Articles of Association of Three-A; and
- (b) the audited financial statements of Three-A for the two (2) financial years ended 31 December 2007 and 31 December 2008.