



Fortifying  
Sustainability

Driving Continuous  
Improvements



**THREE-A RESOURCES BERHAD**

481559-M

Incorporated in Malaysia

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## **Fortifying Sustainability, Driving Continuous Improvements**

The stylised infinity symbol on the cover expresses 3A's infinite potential for strategic growth and planned expansion as we focus on innovation and drive improvements to deliver competitive superior quality products. We continually strive for execution excellence to build and strengthen our core competencies in our approach to fortifying sustainability and reinforcing our resilience for long-term growth.

## **Vision**

To excel as one of the Global Quality Brands in the Industry

## **Mission**

To excel as one of the Global Market Leaders in the manufacture of Food & Beverage ingredients

# CORPORATE PROFILE

## About Us

The history of San Soon Seng Food Industries Sdn. Bhd. (SSSFI) dates back to 1977, initiated as a liquid caramel producer and subsequently became a wholly-owned subsidiary of Three-A Resources Berhad (3A). 3A is an investment holding company, a listed company since 2002 and has ascended to the main board of Bursa Malaysia in 2008. The success and achievements of SSSFI is the epitome of unwavering determination, perseverance, dedication and collective efforts in producing quality and satisfying products to customers.

Taking root from a humble beginning as liquid caramel producer to the leading food and beverage ingredients manufacturing company, SSSFI has developed and expanded its product portfolio that have made strong footprints in many parts of the world. SSSFI has remained focused in its core strength of manufacturing food and beverage ingredients and firmly believes in producing products of the highest quality has successfully expanded beyond Asian horizons and making its mark in the international market.

**Our Product Portfolio** that makes different contributions to the company's bottom line.

- Liquid Caramel, Caramel Colour
- Natural Fermented Vinegar, Distilled Vinegar, Rice Vinegar
- Glucose Syrup, High Maltose Syrup
- Soya Protein Sauce (HVP)
- Hydrolyzed Vegetable Protein (HVP) Powder
- Caramel Powder
- Soya Sauce Powder
- Maltodextrin

SSSFI serves businesses of all sizes across a broad spectrum of industries and sectors. Our versatile range of ingredients have different functional properties and unique characteristics that can be tailored to customer needs. All ingredients are Halal and Kosher certified.

SSSFI offers diverse range of packaging options to accommodate customer needs. There are various package sizes ranging from bulk road tanker to small packing such as jerrycan and carton box. Customised packaging can be arranged to accommodate customer requirements.

## Awards and Recognition

FSSC 22000 Certification by Intertek Certification International Sdn. Bhd.

HACCP Certification by Ministry of Health Malaysia (MOH)

HALAL Certification by Islamic Development Department of Malaysia (JAKIM)

KOSHER Certification by Orthodox Union Malaysian Business

- CIMA Enterprise Governance Award 2008
- Malaysian Business Corporate Governance Award 2006
- Asiamoney Awards 2009



# CORPORATE INFORMATION

## Board of Directors

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

**Fang Chew Ham**  
Deputy Executive Chairman &  
Managing Director

**Fong Chu King @ Tong Chu King**  
Non-Independent Executive Director  
(Alternate Director: Liew Kuo Shin)

**Chew Eng Chai**  
Independent Non-Executive Director

**Tan Chon Sing @ Tan Kim Tieng**  
Independent Non-Executive Director

**Fang Siew Yee**  
Non-Independent Executive Director  
(Alternate Director: Fang Siew Ping)

**Khoo Wee Boon**  
Independent Non-Executive Director

**Mohd Zaki Bin Hamzah**  
Independent Non-Executive Director

**Loo Cheau Leong**  
Non-Independent Non-Executive  
Director  
(appointed on 11 May 2017)

**Gurpreet Singh Vohra**  
Non-Independent Non-Executive  
Director  
(appointed on 11 May 2017)

Retired on 11 May 2017  
**Kwek Ju-Yang, Mark**  
Non-Independent Non-Executive  
Director  
(Guo Zuyang, Mark)  
(Alternate Director : Sun Yi-Ling)

Retired on 11 May 2017  
**Sun You Ning**  
Non-Independent Non-Executive  
Director

## Company Secretary

Ng Bee Lian MAICSA 7041392  
Yap Sit Lee MAICSA 7028098  
Wong Wai Foong MAICSA 7001358

## Registered Office

AL 308, Lot 590 & Lot 4196  
Jalan Industri, U19  
Kampung Baru Sungai Buloh  
40160 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel no. : +603 6156 2655  
Fax no. : +603 6156 2657  
E-mail : info@three-a.com.my

## Company No.

481559-M

## Website Address

www.three-a.com.my

## Audit Committee

Chew Eng Chai (*Chairman*)  
Tan Chon Sing @ Tan Kim Tieng  
Mohd Zaki Bin Hamzah  
Khoo Wee Boon

## Nomination Committee

Mohd Zaki Bin Hamzah (*Chairman*)  
Chew Eng Chai  
Khoo Wee Boon

## Remuneration Committee

Tan Chon Sing @  
Tan Kim Tieng (*Chairman*)  
Chew Eng Chai  
Dato' Mohd Nor Bin Abdul Wahid  
Khoo Wee Boon  
(*Appointed on 20 November 2017*)

## Risk Management Committee

Dato' Mohd Nor Bin Abdul Wahid  
(*Chairman*)  
Fang Chew Ham  
Fong Chu King @ Tong Chu King

## Principal Bankers

United Overseas Bank (Malaysia) Bhd.  
OCBC Bank (Malaysia) Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad

## Auditors

BDO  
Chartered Accountants  
BDO @ Menara CenTARa  
Level 8  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Tel no. : +603 2616 2888  
Fax no. : +603 2616 3190

## Share Registrar

Symphony Share Registrars Sdn. Bhd.  
Level 6 Symphony House  
Pusat Dagangan Dana 1, Jalan PJU 1A  
47301 Petaling Jaya, Selangor  
Tel no. : +603 7841 8000  
Fax no. : +603 7841 8151

## Stock Exchange Listing

Main Market of  
Bursa Malaysia Securities Berhad

Listed on the MESDAQ Market of  
Bursa Malaysia Securities Berhad since  
13 August 2002

Transferred its listing status to Main  
Board of Bursa Malaysia securities  
Berhad on 18 June 2008

## Stock Name / Code

3A / 0012

## Investor Relations

Persons to Contact:  
Fong Peng Fai  
*Group Financial Controller*  
Jessica Fang Siew Yee  
*Executive Director*  
Tel no. : +603 6156 2655  
E-mail : info@three-a.com.my

# PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

## **DATO' MOHD NOR BIN ABDUL WAHID** Independent Non-Executive Chairman

**65 years of age**  
**Malaysian**  
**Male**

Dato' Mohd Nor Bin Abdul Wahid was appointed to the Board on 10 May 2002 and served as an Executive Chairman of the Company until 2012 where he was re-designated as an Non-Independent Non-Executive Chairman on 12 April 2012. He also serves as an Independent Non-Executive Chairman of both the Company's wholly owned subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. He also serves as Chairman of Risk Management Committee and a member of Remuneration Committee of the Company.

Dato' Mohd Nor Bin Abdul Wahid holds a MBA in Finance from the American World University, Iowa, USA. He started his career with Bank Bumiputra Malaysia Berhad and was with the Bank Bumiputra group for 23 years, rising from the rank of Executive Trainee in the Bank's wholly-owned subsidiary, Kewangan Bumiputra Berhad to the position of Senior General Manager of the Bank, in charge of the Commercial Banking Division. He was also appointed as Director of several subsidiaries of the Bank. His experiences include both conventional and interest-free (Islamic) banking.

Dato' Mohd Nor Bin Abdul Wahid attended all five Board Meetings held during the financial year ended 31 December 2017. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## **MR. FANG CHEW HAM** Deputy Executive Chairman and Managing Director/ Key Senior Management

**70 years of age**  
**Malaysian**  
**Male**

Mr. Fang Chew Ham was appointed to the Board of the Company on 10 May 2002 and serves as a Deputy Executive Chairman and Managing Director of the Company. He also serves as a Managing Director and Executive Director of both the Company's wholly-owned subsidiaries, San Soon Seng Food Industries Sdn. Bhd. and Three-A Food Industries (M) Sdn. Bhd. and a member of the Risk Management Committee of the Company.

Mr. Fang Chew Ham started the business producing Caramel Colour for more than 30 years. In 1977, he set up the Soon Seng Sauce Mixture & Food Factory to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn. Bhd. in 1989; and became the wholly-owned subsidiary of the Company in 2002.

Mr. Fang Chew Ham is equipped with his vast experience in the food & beverage business heads the management of San Soon Seng Food Industries Sdn. Bhd.. His leadership together with the expanded management team will result in broad and flexible goal setting; and to meet the quality of the ever-changing demands and development of new range of products related to the food & beverage ingredients industry.

Mr. Fang Chew Ham is the co-opted member of the Working Group of Sauces which prepared the Malaysian Standard MS 513:1993 (SIRIM); a specification for Caramel in the manufacture of soya sauce.

Mr. Fang Chew Ham has attended all five Board Meetings held during the financial year ended 31 December 2017. He has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Fang Chew Ham is a sibling of Non-Independent Executive Director Mr. Fong Chu King; father of Non-Independent Executive Director Ms. Fang Siew Yee and Alternate Director Ms. Fang Siew Ping and father-in-law of Alternate Director Mr. Liew Kuo Shin.

## **MR. FONG CHU KING @ TONG CHU KING**

**Non-Independent Executive Director/  
Key Senior Management**

**73 years of age  
Malaysian  
Male**

Mr. Fong Chu King @ Tong Chu King was appointed to the Board of the Company on 10 May 2002 and serves as a Non-Independent Executive Director of the Company. He also serves as an Executive Director and General Manager of the Company's wholly-owned subsidiary, San Soon Seng Food Industries Sdn. Bhd. and a member of the Risk Management Committee.

Mr. Fong Chu King graduated with a Bachelor of Science in Chemical Engineering from the National Taiwan University. He is a qualified Professional Engineer of Lembaga Jurutera Malaysia and also a member of the Institution Engineers Malaysia. In his 20 years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn. Bhd. and General Manager of Megasteel Sdn. Bhd..

Mr. Fong Chu King joined San Soon Seng Food Industries Sdn. Bhd. in 2002 after his retirement from Megasteel Mills Sdn. Bhd. He has more than 25 years of working experience in manufacturing industry. As the Executive Director and General Manager, he is fully in charge of the operation and plant expansion of the Group.

Mr. Fong Chu King has attended all five Board Meetings held during the financial year ended 31 December 2017. He has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Fong Chu King is a sibling of Deputy Executive Chairman and Managing Director Mr. Fang Chew Ham.

## **MR. CHEW ENG CHAI**

**Independent Non-Executive Director**

**68 years of age  
Malaysian  
Male**

Mr. Chew Eng Chai was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as a Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee of the Company.

Mr. Chew Eng Chai is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr. Chew Eng Chai was formerly the Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined since 1975. He has more than 27 years of experience in the food & beverage industry.

Mr. Chew Eng Chai has attended all five Board Meetings held during the financial year ended 31 December 2017. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONTINUED)

### **MR. TAN CHON SING @ TAN KIM TIENG** Independent Non-Executive Director

**79 years of age**  
**Malaysian**  
**Male**

Mr. Tan Chon Sing @ Tan Kim Tieng was appointed to the Board of the Company on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as a Chairman of Remuneration Committee and member of Audit Committee of the Company.

Mr. Tan Chon Sing graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He was a banker for eleven years before joining the securities industry in 1976 and was admitted as a member of Bursa Malaysia Securities Berhad in 1987.

Mr. Tan Chon Sing was appointed as Executive Director of Seremban Securities Sdn. Bhd.; now known as Malpac Management Sdn. Bhd. till November 2001. He is currently a Director of Malpac Holdings Berhad and also serves as Director of several private limited companies.

Mr. Tan Chon Sing has attended all five Board Meetings held during the financial year ended 31 December 2017. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

### **MS. FANG SIEW YEE** Non-Independent Executive Director/ Key Senior Management

**38 years of age**  
**Malaysian**  
**Female**

Ms. Fang Siew Yee was appointed to the Board of the Company on 3 March 2004 and serves as a Non-Independent Executive Director of the Company.

Ms. Fang Siew Yee graduated with a Bachelor of Art in Business Administration (Honours Degree). She joined San Soon Seng Food Industries Sdn. Bhd. in 2001 and currently serves as an Executive Director and Senior Manager of the Company.

Ms. Fang Siew Yee has attended all the five Board Meetings held during the financial year ended 31 December 2017. She has no conflict of interest with the Company. She has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Ms. Fang Siew Yee is the spouse of Alternate Director Mr. Liew Kuo Shin, daughter of Deputy Executive Chairman and Managing Director Mr. Fang Chew Ham and sibling of Alternate Director Ms. Fang Siew Ping.



### **MR. KHOO WEE BOON**

**Independent Non-Executive Director**

**69 years of age**

**Malaysian**

**Male**

Mr. Khoo Wee Boon was appointed to the Board of the Company on 27 September 2004 and serves as an Independent Non-Executive Director of the Company. He also serves as a member of Nomination Committee, Audit Committee and Remuneration Committee of the Company.

Mr. Khoo Wee Boon had completed GCE in 1966 from University of Cambridge and completed Advance Bank Management Program from Asia Institute of Management; Eugenio Lopez Foundation - an affiliate of Ateneo De Manila University and La Salle University, Manila in 1989.

Mr. Khoo Wee Boon began his career as an Internal Auditor in Malayan Banking Berhad from 1973 to 1979, and as a Credit Officer in Maybank from 1979 to 1982. From 1984 to 1995, he was a Manager in Affin Bank Berhad and as a Dealer Representative in Omega Securities Berhad from 1995 to 1998. He is currently attached as a Dealer Representative with Hwang-DBS Investment Bank Berhad.

Mr. Khoo Wee Boon has attended all five Board Meetings held during the financial year ended 31 December 2017. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

### **MR. MOHD ZAKI BIN HAMZAH**

**Independent Non-Executive Director**

**60 years of age**

**Malaysian**

**Male**

Mr. Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 9 January 2007 and serves as an Independent Non-Executive Director of the Company. He also serves as a Chairman of the Nomination Committee and a member of Audit Committee of the Company.

Mr. Mohd Zaki Bin Hamzah graduated from the State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Master Degree in Business Administration majoring in Management Information System and Finance.

Mr. Mohd Zaki Bin Hamzah was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputra Malaysia Berhad as an EDP Audit Manager in 1986. He subsequently assumed the role of Chief Internal Auditor of the banking group until his resignation in 1998.

Mr. Mohd Zaki Bin Hamzah has attended four out of five Board Meetings held during the financial year ended 31 December 2017. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.



## PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONTINUED)

### MR. LOO CHEAU LEONG

**Non-Independent Non-Executive Director**

**44 years of age**  
**Singaporean**  
**Male**

Mr. Loo Cheau Leong was appointed to the Board of the Company on 11 May 2017 and serves as a Non-Independent Non-Executive Director of the Company.

Mr. Loo Cheau Leong graduated with a Bachelor of Accountancy from Nanyang Technological University, Singapore. He is also a member of The Institute of Singapore Chartered Accountant. He was previously with Ernst & Young and joined Wilmar International Limited in 2010 and is currently serving as the Deputy Group Financial Controller of Wilmar International Limited.

Mr. Loo Cheau Leong has attended two Board Meetings held during the financial year ended 31 December 2017 since his appointment on 11 May 2017. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

### MR. GURPREET SINGH VOHRA

**Non-Independent Non-Executive Director**

**43 years of age**  
**Indian**  
**Male**

Mr. Gurpreet Singh Vohra was appointed to the Board of the company on 11 May 2017 and serves as a Non-Independent Non-Executive Director of the Company.

Mr. Gurpreet Singh Vohra graduated with a Bachelor of Engineering in Electrical (First Class Honour) from the Regional Engineering College, Surat, India. He also holds a Masters of Business Administration from S.P. Jain Institute of Management & Research, Mumbai, India. He was previously the Managing Director, Head of Asia (Metal & Mining) in Standard Chartered Bank from 2009 to 2016. He joined Wilmar International Limited in 2017 and is currently serving as the General Manager in Business Development Division.

Mr. Gurpreet Singh Vohra has attended two Board Meetings held during the financial year ended 31 December 2017 since his appointment on 11 May 2017. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

**MR. LIEW KUO SHIN**

**Alternate Director to  
Non-Independent Executive  
Director Mr. Fong Chu King @  
Tong Chu King/  
Key Senior Management**

**40 years of age  
Malaysian  
Male**

Mr. Liew Kuo Shin was re-appointed to the Board of the Company on 29 February 2012 and serves as an Alternate Director to Non-Independent Executive Director Mr. Fong Chu King @ Tong Chu King of the Company. He had served as a Non-Independent Executive Director since 27 September 2004 and had resigned on 29 February 2012.

Mr. Liew Kuo Shin graduated as a Mechanical Engineer and has joined San Soon Seng Food Industries Sdn. Bhd. in 2001. He serves as a General Factory Manager and responsible for the plant production functions and overall co-ordination of all manufacturing plants. He is also heading the Maintenance and Logistic Department of the Company.

Mr. Liew Kuo Shin has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Liew Kuo Shin is the spouse of Non-Independent Executive Director Ms. Fang Siew Yee and son-in-law of Deputy Executive Chairman and Managing Director Mr. Fang Chew Ham.

**MS. FANG SIEW PING**

**Alternate Director to  
Non-Independent Executive  
Director Ms. Fang Siew Yee/  
Key Senior Management**

**36 years of age  
Malaysian  
Female**

Ms. Fang Siew Ping was re-appointed to the Board of the Company on 29 February 2012 and serves as an Alternate Director to Non-Independent Executive Director Ms. Fang Siew Yee of the Company. She had served as a Non-Independent Executive Director since 27 September 2004 and had resigned on 29 February 2012.

Ms. Fang Siew Ping graduated with a Bachelor Degree in Chemistry from the United States of America and has joined San Soon Seng Food Industries Sdn. Bhd. in 2004. She serves as a Business Development cum R&D Senior Manager and in charge of the Marketing and R&D Department of the Company.

She has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Ms. Fang Siew Ping is the daughter of Deputy Executive Chairman and Managing Director Mr. Fang Chew Ham and sibling of Non-Independent Executive Director Ms. Fang Siew Yee.

**MR. FONG PENG FAI**  
**Group Financial Controller/  
Key Senior Management/**

**41 years of age  
Malaysian  
Male**

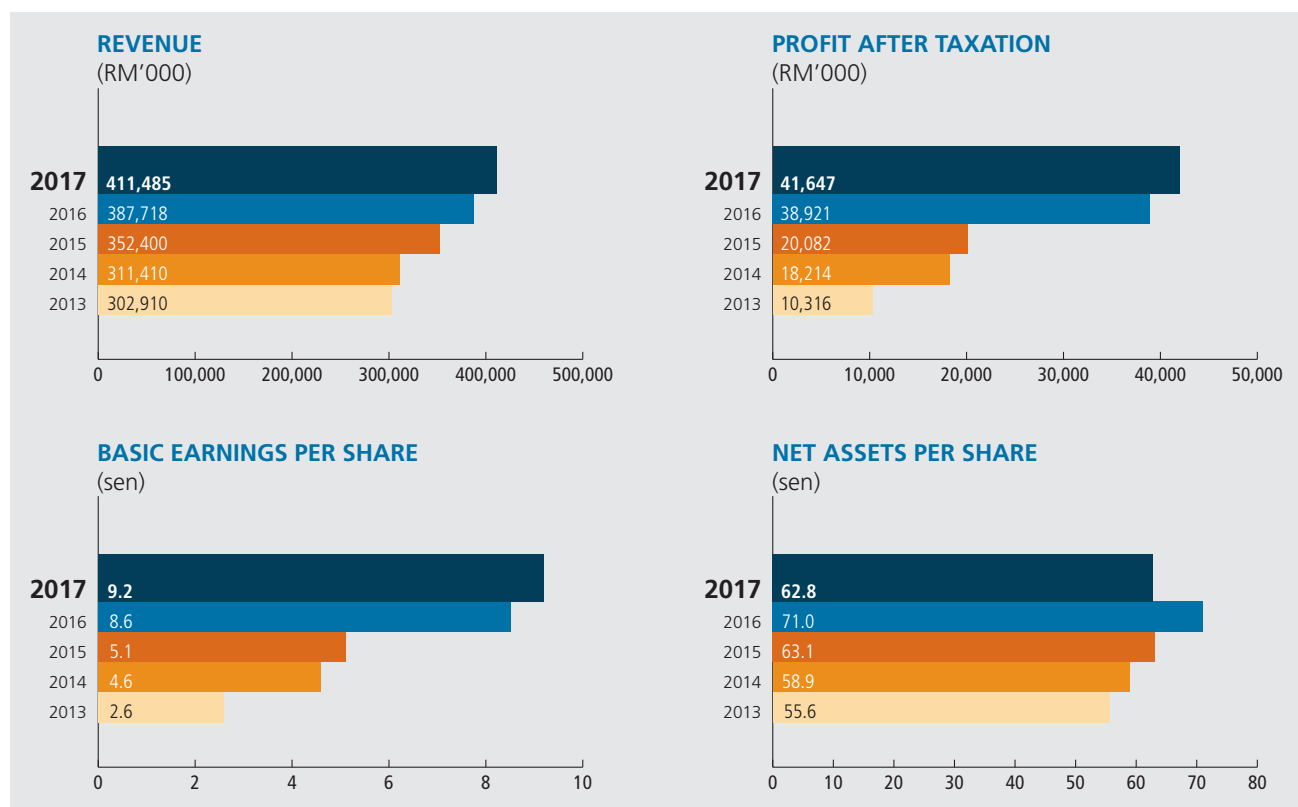
Mr. Fong Peng Fai was appointed to the Company in 2013 and serves as the Group Financial Controller. He graduated with a Bachelor of Commerce majoring in Accounting from University of Otago. He is a Chartered Global Management Accountant of the Chartered Institute of Management Accountants (CIMA), UK and American Institute of CPAs (AICPA) and a member of the Malaysian Institute of Accountants (MIA).

Mr. Fong Peng Fai also holds a Masters of Business Administration from University of Strathclyde, UK. His professional working experience started in external audit firms. Then he moved on to business recovery and consulting assignments in PriceWaterhouseCoopers and later, he joined Digi as Head of Accounting and Financial Reporting.

Mr. Fong Peng Fai has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Fong Peng Fai is the son of Non-Independent Executive Director Mr. Fong Chu King @ Tong Chu King.

# GROUP FINANCIAL HIGHLIGHTS



	Year Ended 31 December				
	2017	2016	2015	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	411,485	387,718	352,400	311,410	302,910
Profit Before Taxation	55,790	53,448	30,350	26,265	16,120
Profit After Taxation	41,647	38,921	20,082	18,214	10,316
Total Assets	372,415	339,577	319,119	279,649	292,779
Total Liabilities	63,100	60,142	70,948	47,824	73,748
Share Capital	98,400	78,720	78,720	78,720	78,720
Shareholders' Equity	309,315	279,435	248,171	231,825	219,031
Earnings per Share (sen)	9.2	8.6	5.1	4.6	2.6
Net Assets per Share (sen)	62.9	71.0	63.1	58.9	55.6
Net Dividend per Share (sen)	1.8	1.8	1.4	1.4	1.2
Return on Equity	13.4	13.9	8.1	7.9	4.7
Return on Assets	11.1	11.5	6.3	6.5	3.5
Dividend Payout Ratio	21.3	18.2	27.5	30.3	46.2

# LETTER TO STAKEHOLDERS AND MANAGEMENT DISCUSSION & ANALYSIS



**DEAR FELLOW  
STAKEHOLDERS,**

**ON BEHALF OF THE BOARD  
OF DIRECTORS OF THREE-A  
RESOURCES BERHAD ("3A"),  
WE ARE PLEASED TO PRESENT  
OUR ANNUAL REPORT FOR  
THE FINANCIAL YEAR ENDED  
31 DECEMBER 2017 ("FY2017").**

## **OVERVIEW**

After a record breaking achievement for us last year, we are again happy to report another year of good financial performance in terms of growth in full year turnover and profits for the financial year ended 31 December 2017.

Our growth momentum was achieved with our philosophy to succeed by focusing on product quality, continuous efforts in production efficiency and automation initiatives. We are on the right track on our vision to be a recognised global leader in the food and beverage ingredients industry known with products of exceptional quality.

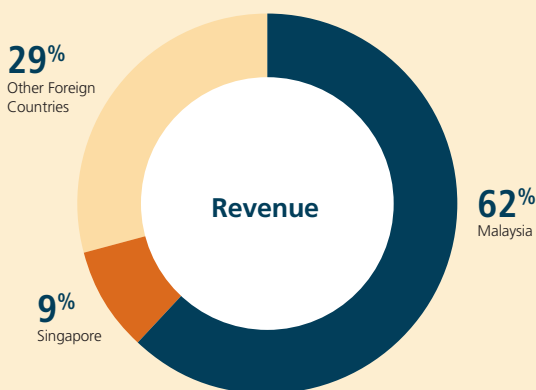
Although we continue to face competition in the industry, we were able to deliver another set of commendable results. The achievement was mainly a result of our careful planning and execution of business plans to stay ahead. We implemented strategies to counter the negative effects of among others, volatility in raw material costs, higher energy costs and labor costs.

# MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Once again, one of the main reasons for our continuous growth and resilient results is our core competency to develop new products with exceptional quality for our customers. This was made possible through allocating and putting adequate resources into plans that included acquisition of surrounding strategic lands, new plant expansions and upgrading of existing production facilities and recruiting suitably qualified personnel.

## THE GROWTH MOMENTUM CONTINUES

The Group continued its good performance in FY2017 with revenue growing by 6.1% to RM411.4 million from RM387.7 million in FY2016 in tandem with the increase of products quantity sold. Our export revenue grew to 38% of our total revenue for FY2017 as compared to 33% recorded in FY2016.



## Revenue by Geographical Locations for FY2017

Our Profit Before Tax and Profit After Tax for FY2017 grew to RM55.8 million and RM41.6 million respectively. The Group's good financial performance in FY2017 was a result of the continuity of business strategies and efforts implemented since last financial year. A major component of the strategies is targeted pricing that aims to achieve good quality products and services to targeted highly valued customers that contribute higher products margins. In addition, our continuous efforts on operational efficiency also played a role in our good performance but volatility in raw materials costs and net foreign currency translation losses impacted our financial performance in FY2017.

As at 31 December 2017, our total cash holdings were RM47.0 million and taking into account of our borrowings, we have a healthy net cash position of RM27.3 million. Therefore, we wish to inform that we are in a good financial position to continue with the implementation of our business expansion plans to achieve our vision.

The single largest item of capital expenditure for property, plant and equipment in FY2017 was acquisition of 2 parcels of land in the vicinity of 3A's existing location of factories for a total of RM17.0 million and were financed through a combination of internal generated funds and borrowings. The said parcels of land are strategically located and form a significant part of our business expansion plans.

In line with our plan for more plant automation to reduce reliance on foreign labor, we continued spending adequately on modernizing and upgrading our production facilities during the financial year. We are steadfast in our commitment to ensure our production facilities are efficient to provide better returns and cost savings.

During the financial year 2017, we saw the completion of the construction of Maltodextrin Plant No. 3. While contribution from the newly completed Maltodextrin plant was not significant in FY2017, we are receiving encouraging responses. Therefore, we are optimistic of its future prospects.

In a recent development, Three-A Food Industries (M) Sdn. Bhd., a wholly-owned subsidiary of 3A had on 5 September 2017 entered into an agreement to dispose its entire fifty-percent (50%) interest in a joint venture company, Three-A (Qinghuangdao) Food Industries Co. Ltd. ("TAQ") for a cash consideration of RMB5 million. The disposal is in line with the strategic direction of the Group to realign the Group's resources and concentrate on carrying out the Group's business in Malaysia. The disposal of TAQ gave rise to a gain on disposal of RM2.5 million and the proceeds from the disposal was received on 7 February 2018. Upon the completion of the said disposal, TAQ had ceased to be a joint venture company of 3A.



On the corporate development front, the bonus issue exercise on the basis of one (1) bonus share for every four (4) existing ordinary shares was completed during the year. We are optimistic that the increase in the number of 3A shares would path the way for more active participation from both institutional and retail investors thereby creating value for all our shareholders.

We are pleased to report that as at 31 December 2017, total shareholders' equity and net asset per share stood at RM309.3 million and 62.9 sen respectively. Besides, total comprehensive income was recorded at RM38.7 million for FY2017 whilst total assets was RM372.4 million as at 31 December 2017.

## OUTLOOK AND PROSPECTS

We continue to explore the market for untapped demand as well as invent new products. After our thorough market evaluation, we have put into motion our business expansion plans here and these should keep us very busy at least in the next two (2) years. Some of these business plans include construction of a new Caramel Powder Plant that is due for completion by the end of year 2019. The new plant is expected to raise our annual Caramel Powder products production output drastically. We are optimistic of the prospects of the new plant as we have received encouraging responses from the market of late.

Besides, we have set aside allocations for upgrading and modernisation of our plants in tandem with one of our key initiatives to increase efficiency and reduce production costs, in particular labor costs with automation of our plants. The investment in new product packaging facilities not only meet the stringent demand in the production requirements from a growing segment of large and sophisticated customers but also cater to bulk packaging options according to changes in customers' demands.

We have also planned for construction of warehouses in anticipation of increasing demand from our valued customers and as a pre-emptive measure against volatility of raw material costs. In order to realise these plans, our acquisition of lands in the vicinity of our factories location is part of the business expansion plans.

We continue to leverage on our core competency of developing new products and serving selected customers with quality, unique and niche products. We continue to place emphasis on new products development, and having said so, some are now under laboratory testing and trial stage. Our ability to develop products according to customers' specifications made us gain wide customer acceptance. In return, we continue to enjoy customer loyalty and at the same time keep out competitors. In order to continue to succeed, we are also placing more resources on research and development initiatives including setting up new laboratory facilities and recruiting additional skilled personnel.



## MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

As we forge ahead, we are not forgetting our responsibilities towards the community and the environment we live in. So, we are continuing to place reasonable allocations to ensure we take care of the people and the environment.

In relation, we are pleased to inform that 3A is currently in a net cash financial position as at 31 December 2017. Therefore, we would like to inform that we plan to carry out these initiatives in the next couple of years using our internally generated funds as well as current credit facilities available to us without the need to seek new large borrowings from financial institutions.

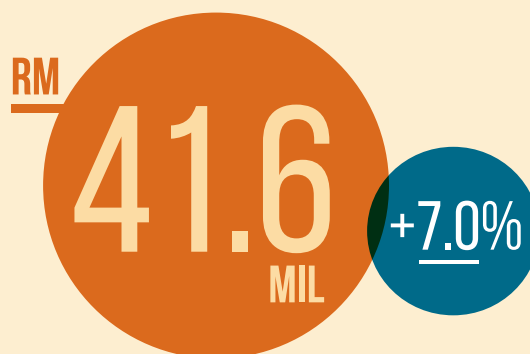
While we remain positive of achieving our ambitions, we are mindful of challenges coming in our way. One of our main challenges is volatility of raw material prices recently in the face of fierce fluctuations in demand and supply arising from surge in demand from major importing countries and changing weather patterns. Another threat takes the form of growing competition in the industry with the entry of large competitors. We are committed to take necessary actions to strike a balance of achieving reasonable immediate returns to our shareholders and the goal of realizing our vision and defending our niche product leadership position in the industry regionally in the long term.

We remain optimistic of our prospects in the forthcoming year with all our efforts and plans as laid out here. As we strive for greater success, we will continue with our philosophy of producing quality products at competitive pricing.

### DIVIDENDS

After taking into account of our operating and investment requirements, the Board of Directors had declared an interim dividend per share of 1.8 sen for FY2017. The total dividend payout for FY2017 amounting to RM8.86 million paid on 12 December 2017 was higher than the total payout in FY2016 because of the increase in issued and paid-up share capital arising from the bonus issue exercise completed in FY2017. No final dividend has been recommended for consideration as the forthcoming Annual General Meeting.

### Profit After Taxation FY2017



### Total Assets FY2017



On this note, the Board of Directors would always evaluate the Group's financial positions when making its decisions on dividend payment to shareholders. Some other considerations are market conditions and cash flows requirements for investments to generate better returns are factors that the Board of Directors would take into account for this purpose.

### NOTE OF APPRECIATION

First and foremost, the Board of Directors would like to congratulate the management and all dedicated employees of the Group for another year of good performance. The board recognises that the good results was not possible without all their invaluable contribution in spite of economic and market uncertainties.





We would also like to express our appreciation to Mr. Kwek Ju-Yang, Mark, Mr. Sun You Ning and Ms. Sun Yi-Ling who retired during the year for their invaluable contribution to the success of 3A. Then we would like to welcome Mr. Gurpreet Singh Vohra and Mr. Loo Cheau Leong to the Board. We strongly believe they would be able to elevate 3A to greater heights with their vast experience.

We also would like to thank our loyal shareholders, customers, bankers, vendors and business associates for all your time proven unwavering support and confidence you have in the Group.

Our personal appreciation to all Board members who have provided their guidance and commitment and it is a great honor to be working alongside such remarkable people.

Thank you.

**DATO' MOHD NOR BIN ABDUL WAHID**

Independent Non-Executive Chairman

**FANG CHEW HAM**

Deputy Executive Chairman and Managing Director

# FINANCIAL CALENDAR YEAR 2017

26

## January 2017

- Announcement on Change in Director's Interest (S135)

23

## February 2017

- Announcement on Quarterly Report on consolidated result for the financial period ended 31 December 2016

24

## February 2017

- Announcement on Proposed Acquisitions by San Soon Seng Food Industries Sdn. Bhd. ("SSSFI"), a wholly owned subsidiary of Three-A Resources Berhad ("3A"), of the following:-
  - (i) One piece of vacant land held under Title HSM 12526, PT No. 64, Tempat Kg Paya Jaras, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor ("The Property I"); and
  - (ii) All that piece of vacant land held under Title H.S.(D) 295891, PT 583, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor together with a Factory erected thereon ("The Property II")

01

## March 2017

- Announcement on Proposed acquisitions by SSSFI of Property I and Property II

17

## March 2017

- Announcement on proposed renewal of authority for share buy-back and proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature and proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature

30

## March 2017

- Announcement on Proposed Bonus Issue

17

## April 2017

- Announcement on General Meetings: Notice of Meeting

18

## April 2017

Announcements on the following:-

- Submission of Statement to Shareholders in relation to the proposed renewal of authority for the Company to purchase its own shares.
- Submission of Circular to Shareholders in relation to the proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature and proposed new shareholders' mandate for additional recurrent related party transactions of a revenue or trading nature.
- Submission of Circular to Shareholder in relation to the Proposed Bonus Issue.
- Submission of Annual Report 2016.

03

## May 2017

- Announcement on the proposed acquisitions by SSSFI, a wholly owned subsidiary of 3A, of the following:-
  - (i) One piece of vacant land held under Title HSM 12526, PT No. 64, Tempat Kg Paya Jaras, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor ("The Property I"); and
  - (ii) All that Piece of Land Held Under Title H.S.(D) 295891, PT 583, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor together with a Factory erected thereon ("The Property II") (Completion Announcement)

11

## May 2017

- Announcement on General Meetings – Outcome of Meetings
- Announcement on Bonus Issue
- Announcement on Quarterly Report on consolidated result for the financial period ended 31 March 2017
- Announcements on Change in Boardroom

12

## May 2017

- Announcement on Notice of Bonus Entitlement

25

## May 2017

- Announcement on New Issue of Securities – Bonus Issues

**26**

**May 2017**

- Announcement on New Issue of Securities – Bonus Issues (Completion Announcement)

**29**

**May 2017**

- Announcements on Changes in Substantial Shareholder's Interest [Section 138 of the Companies Act 2016 ("CA 2016")]
- Announcements on Changes in Director's Interest (Section 219 of the CA 2016)
- Announcement on dealing in listed securities – Dealing outside closed period

**16**

**August 2017**

- Announcement on Quarterly Report on consolidated results for the financial period ended 30 June 2017

**17**

**August 2017**

- Amended Announcement on Quarterly Report on consolidated results for the financial period ended 30 June 2017

**05**

**September 2017**

- Announcement on Related Party Transactions: Proposed disposal of the entire 50% equity interest held by Three-A Food Industries (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, in Three-A (Qinhuangdao) Food Industries Co. Ltd. to Yihai Kerry Investments Co. Ltd.

**06**

**November 2017**

- Announcement on Quarterly Report on consolidated result for the financial period ended 30 September 2017
- Announcement on First Interim Dividend

**07**

**November 2017**

- Announcement on Notice of Book Closure

**20**

**November 2017**

- Announcement on Change of Composition of Remuneration Committee

**04**

**December 2017**

- Announcement on Related Party Transaction: Proposed disposal of the entire 50% equity interest held by Three-A Food Industries (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, in Three-A (Qinhuangdao) Food Industries Co. Ltd. to Yihai Kerry Investments Co. Ltd. (Completion Announcement)

# SUSTAINABILITY STATEMENT



The Board of 3A Group ("Board") recognises that the Group must act and use resources responsibly towards the Group's employees, customers, shareholders and the communities as a whole.

The Group's Sustainability practices focuses on four areas – Environment, Marketplace and our social values in the Workplace and towards the community around us.

## THE ENVIRONMENT

Our responsibility towards the environment is of utmost importance due to the increasing depletion of the Earth's resources and global climate change issues. As a dynamic business entity, we rely on natural resources every day and climate change issues will affect the supply chain and the source of many products. Therefore, it is essential to embed environmental sustainability principles into our business operations and practices.

As one of our business principles, the Group strives to purchase raw materials that originate from sources that are known to be environmentally friendly. In doing so, the Group believes that we are playing our role on environment conservation. Besides, we have taken the initiative to invest in water treatment facilities to ensure that all waste water is properly treated before it is discharged. Independent agencies accredited by respective governmental departments would regularly conduct assessment of our efforts on treatment of waste water from our production facilities. In addition, our on-going efforts on waste reduction will remain our way of life to conserve natural resources and protect the environment.

The efficient use of energy, water and raw materials in all our operations are, among the approaches to heighten the positive impact and minimise negative impacts of the Group's operations on the environment.

## THE WORKPLACE

The Board believes that our employees are our greatest assets. Accordingly, we strive to provide them a conducive and safe environment by providing safety and job-related training. The Group regularly organised in-house safety programmes to ensure the workers know how to effectively handle machineries and equipment, tools and vehicles. The Group promotes awareness on safety precautions and health issues. Safety gears are provided to relevant employees to reduce accidents. As a testament of our commitment, the Group continues to perform well in the Labour Standards, Health and Safety, Environment and Business Ethics industry assessment ("SMETA Best Practices") as conducted by independent firms accredited by the government and widely acknowledged by our customers.

The Group, in fulfilling our responsibility towards our employees, places emphasis on building long lasting relationships with our employees. The Group ensures that two-way open communication channels are available to all employees to inculcate clear understanding of the Group's vision, goals and objectives. Regular talk sessions are conducted as a means for employees to engage with the Management and promote collaboration among each other. These sessions allow the Management to share business direction and policies with employees at the operational level. Our employees find these sessions useful as an opportunity to provide feedback and exchange ideas for business and operational improvements.



Retention of key employees is crucial to ensure continual success of the Group. Therefore, the Group continues to ensure that a good reward system is in place to attract, retain and motivate the right talents. Succession plans are put in place for critical positions to ensure sustainability on terms of effective and efficient operations within the Group and a healthy leadership continuity.

## THE COMMUNITY

In the pursuit of growth and financial success in the environment it operates, the Group values the relationships with the community and is concerned with its well-being and welfare. Therefore, the Group is aware and encourages its employees to actively participate in activities that promotes and improve the state of affairs of the society at large.

In the quest to be socially responsible, the Group continues to support activities through its corporate responsibility initiatives of promoting community engagement and support actions to address the needs of the less fortunate and underprivileged families. Some of these initiatives are monetary contributions in the forms of donations to various social and welfare institutions, charitable associations and schools.

## THE MARKETPLACE

The Group continues to uphold the philosophy of responsible practices and high ethical standards in the conduct of business with stakeholders, namely investors, customers and suppliers which are critical to be sustainable in the long term.

### (i) Investors

The Group always maintain good corporate values through responsible business practices together with numerous short and long-term business strategies to maximise shareholders' value. Some of those efforts we had undertaken to increase the value and to engage effectively with our investors are as follows:

- Disclose and disseminate all material information in a timely, open, fair and transparent manner;
- Engages with shareholders through various communication channels such as general meetings of shareholders and investors' briefings;
- Regular updates of important announcements on our website and other public domain; and
- Adhering to a robust corporate governance and code of ethics, implementing policies that promote responsible practices and conduct of business.

### (ii) Customers

The Group continues to place emphasis on "Customer Focus" motto in ensuring we meet customers' expectations with delivery of good quality products and services at competitive pricing. In our industry, it is important to gain trust and create value so that we earn customer loyalty for long-term successful business relationship. The Group adopts the following good practices to ensure we achieve our commitments to our valued customers:

- Achieve our best to meet stringent customers' demands with good products quality and services on a timely basis;
- Adopt the "Do It Right The First Time" motto to achieve operational excellence in order to reduce overall costs to enable us to pass on the savings to our valued customers; and
- Implements and regularly improves a customers' compliant system to receive and resolve complaints through corrective actions promptly.

### (iii) Suppliers

The Group maintains close and meaningful relationships with our suppliers to ensure we achieve our mutual ambitions to be successful. In doing so, the Group maintain strict code of conduct and adopts the following practices:

- A sound suppliers selection framework according to best industry practices;
- Adherence to ethical procurement practices and follow best practices in standard operating and fair-trading procedures; and
- Conduct of regular suppliers' audit to ensure compliance with applicable best practices such as HACCP and FSSC.

## CONCLUSION

The Group strongly believes that in order for us to be successful moving forward, we need to do well too in all of the four sustainability areas. Therefore, the Group will continue to uphold its excellent sustainability practices in every aspect of the Group's business and remain steadfast in playing our role in giving back for the advancement of the society we live and operate in.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

The Board of Directors (“the Board”) of Three-A Resources Berhad (“3A” or “the Company”) is committed to the best practices and principles of good corporate governance as set out in the Malaysian Code on Corporate Governance (“the Code”) as well as the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for the Main Market. Excellent corporate governance is essential to good business performance and the numerous past corporate governance awards accorded to 3A testify that the Board, Management and staff of 3A remain, steadfast and focused in ensuring the highest level of corporate governance so that the interest of investors and all other stakeholders are well taken care of.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report (“CG Report”) which contains detailed application for each practice as set out in the Code and is made available on the corporate website; [www.three-a.com.my](http://www.three-a.com.my).

## A. BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Board’s Leadership on Governance and Objectives

The Board is responsible for the overall governance of the Group and discharges this responsibility through compliance with relevant rules, laws, regulations, directives and guidelines in addition to adopting the best practices in the Malaysian Code on Corporate Governance. Collectively, the Directors combine their diverse experience and qualifications on commercial, regulatory, industry and financial expertise to discharge their duties and responsibilities.

The Board’s main responsibility is to lead and manage the Group in an effective manner including developing strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group’s business as a whole. The Board’s role is to provide leadership of the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and controlled.

The Board conducts ongoing review and evaluation of the Group’s strategic plans to ensure the Group’s focus is in line with the constantly evolving market conditions as well as identifying new businesses and opportunities. The Board also ensures that an adequate system of internal controls is in place and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks.

The Board Members are attentive to applying high ethical standards in their decision-making, taking into account the interests of all stakeholders.

Certain functions of the Board have been delegated to various Board Committees, which reviews and make recommendations to the Board on specific areas. There are currently four Board Committees, namely: -

- Audit Committee (“AC”);
- Nomination Committee (“NC”);
- Remuneration Committee (“RC”); and
- Risk Management Committee (“RMC”).

## **A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)**

### **1.1 Duties and Responsibilities of the Board**

The Group acknowledges the importance of having an effective Board for the overall governance and management of the Group. The core responsibilities of the Board include reviewing and approving the Group's business strategies and plans, significant policies and monitoring the Management's performance in implementing them.

In carrying out their duties and responsibilities, the Board exercises great care to ensure that high ethical standards are upheld, and that the interest of stakeholders are not compromised. The Board Members are consistently mindful that the interests of the Group's stakeholders are always being protected.

The Board's principle functions include the following responsibilities:-

- approves the Group's medium-term and long-term strategic business plans;
- oversees the conduct of the Group's business operations and financial performance against the approved strategic business plans;
- ensures that the operating infrastructure, systems of control, systems of risk management as well as financial and operational controls are in place and properly implemented; and
- undertakes various functions and responsibilities as specified in guidelines and directives issued by the regulatory authorities from time to time.

The four (4) Independent Non-Executive Directors by virtue of their role and responsibilities, in effect represent the minority shareholders' interest of the 3A Group. The Independent Non-Executive Directors engage proactively with the Management and with both the external and internal auditors. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making. They also served to inspire and challenge the Management in an objective and constructive manner.

In enhancing the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:-

- provides independent and objective views, assessment and suggestions in Board's deliberations;
- ensures effective check and balance in the Board's proceedings;
- mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Group; and
- constructively challenge and contribute to the development of the business strategies and direction of the Group.

The Independent Directors are at liberty to obtain advice from independent professionals if deemed necessary for the proper discharge of their duties at the expenses of the Group. The Independent Directors also have direct access to the advice and services of internal and external auditors and the Company Secretary who is responsible for ensuring that the Board procedures are followed. The Group had in place a procedure whereby the Independent Director who wish to obtain advice from independent professionals, will seek approval from the Chairman of the Board and will obtain and submit a quotation of fee for the Board's approval prior to the engagement of such independent professionals.

### **1.2 Board Meetings and Supply of Information to the Board**

Board meetings for the following financial year are scheduled in advance before the end of the current financial year so as to facilitate the Directors to plan ahead and organise the next year's Board meetings into their respective schedules.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters noted by the Audit Committee and which require the Board's notice or direction.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 1.2 Board Meetings and Supply of Information to the Board (Continued)

The Board meetings are chaired by the Independent Non-Executive Chairman, Dato' Mohd Nor Bin Abdul Wahid, who has the responsibility of ensuring that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

The members of the Board are provided with the agenda and board papers including status report, quarterly report, performance and management report at least five (5) business days before each meeting so that the Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision making by the Directors.

The board papers provide, amongst others, periodical financial and corporation information, significant operational, financial and corporate issues, by the Group and management proposals that requires Board's approval.

At the Board meetings, the Board reviews the Group's business operations by analyzing the financial statements and its accompanying notes and disclosures as contained in the quarterly report of the Group as compared to the same corresponding period. The Board also notes the decisions and salient issues deliberated by the Audit Committee which are tabled to the Board.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any significant issues noted by the Audit Committee which requires the Board's attention and approval for implementation.

The Directors are regularly updated by the Company Secretary on the new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Director of the Group. The Company Secretary attends all Board meetings and ensures that accurate and adequate records of the proceedings of the Board meetings and decisions made are properly kept.

All Board members have full and timely access to information on the Group's businesses and affairs for the discharge of their duties and responsibilities. Where necessary, senior management staff as well as advisors and professionals appointed to act for the Group on corporate proposal may be invited to attend the Board meeting to furnish with the Board their comments and advice on the relevant proposal tabled.

### 1.3 Board Charter

The primary objective of the Group's Board Charter ("Charter") is to set out the roles and responsibilities of the Board to achieve the vision and mission of the Group. The Board is guided by the Charter which provides reference for Directors in relation to the Board's role, powers, duties and functions.

Apart from reflecting the current best practices and the applicable rules and regulations, the Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Charter to ensure it remains consistent with the Board's objectives and responsibilities and all the relevant standards of corporate governance. The Board Charter is made available on 3A's website, [www.three-a.com.my](http://www.three-a.com.my).

### 1.4 Sustainability of Business

The Board is mindful of the importance of business sustainability and its growing impact to the Group, whilst no less emphasis been put into managing the social and environmental impact of its business operations. The Group also embraces sustainability through collaboration and partnership with its suppliers, customers and other stakeholders. The Group is committed to the continuous efforts in maintaining a delicate balance between the sustainability agenda and the shareholders' interests.

## **A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)**

### **1.5 Board Gender Diversity Policies and Targets and the Measures**

Corporate Governance Blueprint 2011 stated that the Board should ensure women participation on board to reach 30% by year 2016.

The Board takes note of the need to establish a policy formalizing the approach to boardroom diversity and to set targets and measures for the adoption of the Recommendation 2.2 of the Code. However, the Board has no immediate plans to implement a diversity policy or target but will continue to identify suitable candidates for appointment to the Board as and when vacancies arise. Such candidates will be strictly assessed based on merit, their competencies, time commitment, experience, gender diversity, age and cultural background competencies required for an effective Board.

The NC will oversee the overall composition of the Board and Board Committees, including succession planning to maintain the appropriate size and skills, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as the mixture of skills and other core competencies required on the Board.

### **1.6 Code of Conduct and Ethics**

The Board will continue to adhere to the Code of Conduct and Ethics which applies to directors, management and employee of the Company. The Code of Conduct and Ethics as established by the Company is based on the following principles:-

- Uphold of human rights of workers and commitment to a safe and healthy work environment;
- Social responsibility and protection of the environment;
- Duty to act in the best interest of the Group;
- Conduct of fair trade in business;
- Honesty and integrity;
- No conflict of interests and no-profit rule; and
- Compliance with legal and regulatory requirements and Group policies.

### **1.7 Whistle-Blowing Policy**

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fraud, fraud, health and safety infringements or corruption are usually known first by people who work in or with the Group. An early warning system such as a whistle-blowing policy and procedure can help the Group to detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis.

The Board in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees, suppliers and stakeholders to report genuine concerns about malpractices, unethical behaviour or misconduct without fear of reprisal. Any concerns raised will be received by the members of the Whistle-blowing Committee, investigated and outcome of such investigation will be reported to the Board. Appropriate action will be taken to resolve the issue. The whistle-blower's identity will be kept confidential. 3A will assign a senior officer from the Human Resources ("HR") Department as Whistle-blower protector who will keep in touch with the whistle-blower to monitor and assess any signs of victimization or stress.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 1.8 Promoting Sustainability

3A's approach to governance is to drive business revenues and profits and manage risks prudently in order to deliver long-term profitability and provide value to shareholders on a sustainable basis. This includes meeting expectations of stakeholders such as customers, shareholders, regulators, bankers, joint-venture partners and the communities in which 3A operates.

The Board and Management of 3A view its commitment to Business Sustainability, Environmental and Social Governance objectives as part of its responsibility to its stakeholders and the communities in which it operates. 3A is committed to the implementation of safe work practices and aims to provide an injury-free workplace for all its employees.

### 1.9 Qualified and Competent Company Secretaries

The Company Secretaries are appointed by the Board of Directors. The appointments are based on criteria related to the qualifications, experience and competence of the individual concerned to carry out their duties and responsibilities having regard to the 3A's business, size of operations and compliance with the Listing Requirements. The Company Secretaries are MAICSA members and their role and responsibilities includes the following:

- preparation and submission of forms as required under the Companies Act 2016 to the Companies Commission Malaysia;
- ensure compliance of regulatory requirements, updates on new Bursa Malaysia Listing Requirements to the Board;
- submissions of corporate announcements electronically via LINK to Bursa Malaysia Securities Berhad;
- support the Board by ensuring adherence to Board policies and procedures, rules, relevant laws, best practices on Corporate Governance;
- attendance at Annual General Meeting, Audit Committee, Nomination Committee and Remuneration Committee meetings and ensure minutes of meetings are well documented; and
- follow-up on matters arising.

The Board is satisfied with the performance and support rendered by the Company Secretaries in assisting them to discharge their duties.

### 2.0 Board Composition

Good governance principles require fairness, transparency, accountability and responsibility. The Board acknowledges the importance of the Board structure.

The Board currently consists of ten (10) members; comprising two (2) Non-Independent Non-Executive Directors, three (3) Non-Independent Executive Directors (including the Managing Director), five (5) Independent Non-Executive Directors and two (2) Alternate Directors. Half of the Board members are Independent Non-Executive Directors.

The Board comprises members with a wide range of business, financial and technical service background. The size of the Board is optimum given the scope, size and complexity of the Group's operations. The composition of Board is well balanced with an effective mix of three (3) Non-Independent Executive Directors (including Managing Director), two (2) Non-Independent Non-Executive Directors and five (5) Independent Non-Executive Directors which complies with the Bursa Malaysia Securities Berhad / Main Board Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors.

## **A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)**

### **2.0 Board Composition (Continued)**

There is a clearly accepted division of responsibility between the Chairman and the Managing Director to ensure balance of power and authority. The Executive Directors have primary responsibilities for managing the Group's day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined and take into consideration the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Group and do not participate in any business dealings and are not involved in any other relationship with the Group. This ensures that the Independent Non-Executive Directors remain free of conflict of interest and facilitate them to carry out their roles and responsibilities as Independent Directors effectively. The Independent Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties. The cost of securing such professional services will be borne by 3A.

### **2.1 Appointment to the Board**

The proposed appointment of a new Member to the Board will be deliberated on by the full Board based upon a report, prepared by the Nomination Committee on the necessity for and qualification and experience of the proposed Director.

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise, skills, experience, gender diversity, age and cultural background competencies required for an effective Board.

Two (2) Non-Independent Non-Executive Directors and an Alternate Director resigned during the year and were replaced with two (2) suitably qualified Non-Independent Non-Executive Directors.

### **2.2 Re-Election of Directors**

In accordance with the Company's Constitution it provides that at every Annual General Meeting, at least one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The re-election of Directors at the Annual General Meeting is subject to the prior assessment by the Nomination Committee.

Non-Independent Non-Executive Directors namely Mr. Gurpreet Singh Vohra and Mr. Loo Cheau Leong are due to retire pursuant to Article 93 of the Company's Articles of Association at the forthcoming Annual General Meeting.

Independent Non-Executive Directors, namely Mr. Chew Eng Chai, Encik Mohd Zaki Bin Hamzah and Dato' Mohd Nor Bin Abdul Wahid are due to retire pursuant to Article 86 of the Company's Articles of Association at the forthcoming Annual General Meeting.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.2 Re-Election of Directors (Continued)

In determining whether to recommend a Director for re-election, the aforesaid Director's time commitment such as attendance at meetings, participation, contribution to the activities of the Board, character, integrity and experience will be duly considered by the Nomination Committee.

The Nomination Committee is satisfied that the abovementioned Directors have met the requirements set out above and have recommended to the Board of Directors their re-election at forthcoming Annual General Meeting. All the above mentioned Directors have consented to serve as Directors, if elected by the shareholders at the forthcoming Annual General Meeting.

The Directors of 3A are individuals of high calibre and integrity and their knowledge and expertise in their respective fields bring perspectives from other businesses, thereby enhancing the effectiveness of the Board and Board Committees.

The Board is of the view that given the size of the Group and its business complexity, the current number of ten (10) Directors remains optimum and conducive for effective deliberations at Board meetings and for efficient conduct of Board meetings.

The profile of the above Directors is set out in the section entitled "Profile of Directors" on pages 4 to 9 of 2017 Annual Report.

### 2.3 The Board Committees

The Board delegates certain authorities to the Board Committees that operate under clearly defined written terms of reference and operating procedures duly approved by the Board.

The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees, have been approved by the Board and are reviewed from time to time to ensure that they are relevant and up-to-date.

The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The Board Committees are as follows:-

- Audit Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.4 Nomination Committee

The Board has established a Nomination Committee (“NC”) and its principal objectives in line with its terms of reference are as follows:-

- To assist the Board in evaluating and proposing nominees for appointment to the Board;
- To oversee the overall composition of the Board and Board Committee in terms of the appropriate skills and size, the balance between Executive Directors, Non-Executive and Independent Directors and the mixture of skills and other core competencies required through annual review;
- To assist the Board annually in carrying out annual assessment on the effectiveness of the Board and Board Committees as a whole, the contribution, competencies, commitment and performance by each Director and the Board’s various Committees. From the results of the assessment including the mix skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election of Directors at the Group’s forthcoming Annual General Meeting;
- To review management’s proposals for the appointment, dismissal, transfer, promotion of senior executives;
- To review Board’s succession plans;
- To facilitate achievement of Board gender diversity, targets and measures to achieve it;
- To carry out the annual assessment of the independence of the Independent Directors; and
- To review training programme for the Board and to facilitate Board induction and training programme.

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). Recommendations of the Committee are submitted to the Board for approval.

To carry out the assessment of those Directors who are eligible to stand for re-election, the NC will base on formal reviews of the performance of the Directors, their contribution to the Board through their skills, experience, strength and qualities, their level of independence and abilities to exercise independent judgment, demonstrate objectivity, clarity of thought during deliberations at meetings and ability to spend sufficient time and commitment to the Group.

That for the annual assessment carried out on the effectiveness of the Board and Board Committees as a whole, the Nomination Committee was satisfied with the existing Board composition and was of the view that all the Directors and Board Committee of 3A had discharged their responsibilities in a commendable manner and had performed competently and effectively. The Board’s effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, conduct and communication, decision-making and Boardroom activities, each Director’s skills and competencies, as well as Board diversity.

The NC had on 20 February 2018 reviewed and conducted the annual assessment for all Directors.

For the Board diversity, the evaluation of the candidates’ suitability by the Board is solely based on their competence, character, time commitment, integrity and experience in meeting the needs of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.4 Nomination Committee (Continued)

For the financial year ended 31 December 2017, the Committee met twice and the composition of the NC and frequency of meetings of Committee are as follows:-

#### Members of Nomination Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Mohd Zaki Bin Hamzah	2/2
Member Independent Non-Executive Director	Chew Eng Chai	2/2
Member Non-Independent Non-Executive Director	Khoo Wee Boon	2/2

The NC had undertaken the following activities in respect of the financial year ended 31 December 2017:-

- reviewed the Self and Peer Assessment Forms of the Directors retiring pursuant to Articles of Association and re-appointment of Directors and submitted their recommendation for re-election and re-appointment at the 15th Annual General Meeting;
- reviewed the yearly Self and Peer Assessment Forms of Board Members, Board's mix of skills and performance of committees;
- reviewed the designation of Independent Non-Executive Directors who have served the Board for more than nine (9) years and submitted their recommendation for retaining them as Independent Non-Executive Directors of the Group; and
- review the independence of Independent Directors.

In 3A Group, all appointments and employments are based on merits and not determined by gender, ethnicity and age bias. The current structure of gender, ethnicity and age of the employees of the Group are as follows:-

Gender		Age		Ethnicity	
Male	85%	19 – 30	40%	Malaysian – Bumiputera	29.5%
Female	15%	31 – 40	39%	Malaysian – Chinese	11.8%
		41 – 50	15%	Malaysian – Indian	0.2%
		Above 51	6%	Foreigners	58.5%

### 2.5 Remuneration Committee

The Remuneration Committee has a formal and transparent procedure to review each Director's remuneration package which take into consideration on corporate and individual performance; experience and level of responsibilities of the Directors concerned. The Remuneration Committee is responsible for recommending the remuneration framework for Directors, the remuneration packages of Executive Directors to the Board as well as to review and deliberate on the quantum of Directors' fee.

None of the Executive Directors participate in any way in determining their individual remuneration.



## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.5 Remuneration Committee (Continued)

The Board as a whole determines the level of remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. Directors' fees and benefits, if any, are approved at the Annual General Meeting by the shareholders.

The policy practised on Directors' remuneration by the Remuneration Committee is to recommend the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages, where necessary.

The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two (2). Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

The Remuneration Committee held two (2) meetings which was attended by all members during the financial year to review and recommend to the Board on the remuneration of the Directors.

- **Members of Remuneration Committee and Meeting Attendance**

Membership Status	Name	Attendance
Chairman		
Independent Non-Executive Director	Tan Chon Sing @ Tan Kim Tieng	2/2
Member		
Independent Non-Executive Director	Chew Eng Chai	2/2
Member		
Independent Non-Executive Director	Dato' Mohd Nor Bin Abdul Wahid	2/2
Member		
Independent Non-Executive Director	Khoo Wee Boon (appointed on 20 November 2017)	-

### 2.6 Remuneration of Directors

The remuneration package for Directors comprise the following elements:-

- **Directors' Fees**

The Directors' fees are only payable to Non-Executive Directors. The Remuneration Committee recommends the framework of Directors' fees to the Board. The fees structure is determined after a study of comparable organizations' practices as well as the level of responsibilities involved.

- **Basic Salaries and Bonuses**

The basic salaries for the Executive Directors are recommended by the Remuneration Committee to the Board for the approval of the Board. In the evaluation process, consideration is given to the salary scales for similar jobs in the industry.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.6 Remuneration of Directors (Continued)

The details of the remuneration of Directors for the financial year ended 31 December 2017 are as follows:-

Aggregate remuneration of Directors categorised into appropriate components:-

	Salaries / Allowances (RM'000)	Bonus (RM'000)	Defined Contribution Plan (RM'000)	Fees (RM'000)	Total (RM'000)
<b>Received From the Company</b>					
Executive Directors	-	-	-	-	-
Non-Executive Directors	-	-	-	243	243
<b>Received from the Group Basis</b>					
Executive Directors	3,252	1,383	322	-	4,958
Non-Executive Directors	288	-	-	243	531

The number of Directors whose total remuneration all within the following bands for the financial year ended 31 December 2017 are as follows:-

#### Received from the Company

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	6
RM50,000 – RM100,000	-	1

#### Received on Group Basis

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	6
RM350,000 – RM400,000	-	1
RM800,000 – RM850,000	1	-
RM1,450,000 – RM1,500,000	1	-
RM2,650,000 – RM2,700,000	1	-

On the non-disclosure of detailed remuneration of each Director, the Board is of the view that the transparency of Directors' remuneration has been sufficiently dealt with by the "band disclosure" presented in this Statement.

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.7 Remuneration of Top Five Senior Management

The remuneration of top five Senior Management Team of the Group for the financial year ended 31 December 2017 is as follows:-

Range of Remuneration (RM)	Top Five Senior Management
RM650,000 – RM700,000	1
RM800,000 – RM850,000	1
RM900,000 – RM950,000	1
RM1,450,000 – RM1,500,000	1
RM2,650,000 – RM2,700,000	1
Total	5

### 3.0 Independence of the Board

The Independent Non-Executive Directors with their extensive knowledge and experience contribute independent views, advice and judgement on interests, not only of the Group but also of shareholders, employees, customers and suppliers in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and stakeholders and can make significant contributions to the Group's decision making by bringing in detached impartiality.

The roles of the Independent Non-Executive Chairman and Managing Director of the Group are distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making.

Where a potential conflict of interest may arise, it is mandatory practice or the Director concerned to declare his or her interest and abstain from the decision making process.

During the financial year, the Board through the Nomination Committee assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the 9 year limit subject to the Independent Director's re-designated as a Non-Independent Non-Executive Director. In the event, the Board intends to retain the Director and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence as adopted by the Board.

Following an assessment by the Nomination Committee, Independent Non-Executive Directors, namely Mr. Chew Eng Chai and Mr. Tan Chon Sing @ Tan Kim Tieng, Mohd Zaki Bin Hamzah and Mr. Khoo Wee Boon who have served as Independent Non-Executive Directors for a cumulative term of more than nine (9) years as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Non-Executive Director, subject to shareholders' approval at the forthcoming Sixteenth Annual General Meeting of the Group. The Board recommends retaining their designation as Independent Non-Executive Directors based on the following justifications:-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 3.0 Independence of the Board (Continued)

- they have fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgment to the Board;
- they have been with the Company for many years and are familiar with the Company's business operations and the food manufacturing industry, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings;
- their length of services on the Board does not in any way interfere with their exercise of independent judgment. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;
- their vast experience in finance, manufacturing industry and securities market enable them to provide the Board, as the case maybe, with pertinent expertise, skills and competence;
- they have continued to exercise their independence and due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and Shareholders; and
- they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

And since Mr. Tan Chon Sing @ Tan Kim Tieng, Mr. Chew Eng Chai and Mr. Khoo Wee Boon had served the Company for a cumulative term of more than 12 years respectively, approval from the Company's shareholders to retain them as ID through a two-tier voting process at the forthcoming Sixteenth Annual General Meeting shall be sought.

### 3.1 Board Meetings

The Board meets every three (3) months in regular Board of Directors' meetings during the year to approve the quarterly results and the audited financial statements on a pre-scheduled basis. Additional meetings are convened when urgent and important decisions need to be taken between scheduled meetings.

The Board met five (5) times during the financial year ended 31 December 2017. Additional meetings are held as and when required. The dates of the Board Meetings are as follows:

- 23 February 2017
- 11 May 2017
- 3 June 2017
- 16 August 2017
- 6 November 2017

Details of attendance of each Director at the Board meetings held under the financial year are set out as follows:

Director	Number of Board Meetings Held	Number of Board Meetings Attended
Dato' Mohd Nor Bin Abdul Wahid	5	5/5
Fang Chew Ham	5	5/5
Fong Chu King @ Tong Chu King	5	5/5
Chew Eng Chai	5	5/5
Tan Chon Sing @ Tan Kim Tieng	5	5/5
Fang Siew Yee	5	5/5
Khoo Wee Boon	5	5/5
Mohd Zaki Bin Hamzah	5	4/5
Gurpreet Singh Vohra (Appointed on 11 May 2017)	5	2/3
Loo Chau Leong (Appointed on 11 May 2017)	5	2/3

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 3.1 Board Meetings (Continued)

All Directors are expected to notify the Board of their acceptance of any new directorship in other listed issuers.

Directors of the Group do not hold more than five (5) directorships in public listed companies and there is no restriction on number of directorships in non-public listed companies, as stipulated in the Listing Requirements.

The listing of directorships held by Directors is disclosed by the respective Directors to the Board to ensure compliance to the above Listing Requirements.

### 3.2 Directors' Training and Education

The Directors have continued to participate in relevant training programmes to keep abreast with the latest developments in the security industry, in particularly in areas of corporate governance and regulatory changes so that they would be able to discharge their duties as Directors effectively.

For the year ended 31 December 2017, the conferences, seminars and training programmes attended by each of the Directors were in respect of the following areas:-

Name of Directors	Seminars / Training Programmes
Dato' Mohd Nor Bin Abdul Wahid	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li></ul>
Fang Chew Ham	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li><li>ISO / IEC 17025 Quality Awareness</li><li>FSSC 22000 (v 4.1) Awareness Training Course</li></ul>
Fong Chu King @ Tong Chu King	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li><li>ISO / IEC 17025 Quality Awareness</li><li>FSSC 22000 (v 4.1) Awareness Training Course</li></ul>
Chew Eng Chai	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li><li>The Interplay between CG, Non-Financial Information (NFI) and Investment Decision</li><li>Independent Directors Programme: The Essence of Independence</li></ul>
Tan Chon Sing @ Tan Kim Tieng	<ul style="list-style-type: none"><li>AMLA, Market Misconduct, Chinese Wall &amp; Prevention of Insider Trading</li><li>Warrants and Call Warrants - How To Select Them</li><li>2017 PLC Director's Training - Tax Audit, Investigation &amp; Risks of Company's Directors</li></ul>
Fang Siew Yee	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li><li>ISO / IEC 17025 Quality Awareness</li><li>FSSC 22000 (v 4.1) Awareness Training Course</li></ul>
Khoo Wee Boon	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li><li>Market Misconduct, Chinese Wall and Prevention of Insider Trading</li><li>Brilliant Investment Strategies in Current Economic Climate</li></ul>
Mohd Zaki Bin Hamzah	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance 13th Tricor Tax &amp; Corporate Seminar</li></ul>
Liew Kuo Shin	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li><li>ISO / IEC 17025 Quality Awareness</li><li>FSSC 22000 (v 4.1) Awareness Training Course</li></ul>
Fang Siew Ping	<ul style="list-style-type: none"><li>Briefing on 2017 Malaysia Code on Corporate Governance</li><li>ISO / IEC 17025 Quality Awareness</li><li>FSSC 22000 (v 4.1) Awareness Training Course</li></ul>
Low Cheau Leong	<ul style="list-style-type: none"><li>Mandatory Accreditation Programme</li></ul>
Gurpreet Singh Vohra	<ul style="list-style-type: none"><li>Mandatory Accreditation Programme</li></ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 3.2 Directors' Training and Education

The Company Secretary regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statement during the financial year under review. The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1.0 Audit Committee

The Audit Committee currently comprises of four (4) Independent Non-Executive Directors. The Committee meets not less than four (4) times a year and is governed by clearly defined terms of reference. In the financial year ended 31 December 2017, the Committee met five (5) times. The main responsibilities of the Audit Committee are to ensure integrity of financial reporting, a sound internal control system with effective risk monitoring procedures and adherence to compliance matters. Details of the composition of the Audit Committee and attendance of Members at Meetings held in 2017 are as follows:-

#### Members of Audit Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Chew Eng Chai	5/5
Member Independent Non-Executive Director	Tan Chon Sing @ Tan Kim Tieng	5/5
Member Independent Non-Executive Director	Mohd Zaki Bin Hamzah	4/5
Member Independent Non-Executive Director	Khoo Wee Boon	5/5

Meetings are to be held as and when necessary. The quorum for each meeting is two (2). The minutes of the Audit Committee meetings are tabled at the Board for noting and for action by the Board, where appropriate. Recommendations of the Committee are submitted to the Board for approval.

The activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 41 to 44 on this Annual Report.

### 1.1 Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to provide a balanced, clear and comprehensive assessment of the financial performance and prospects of the Group in all the disclosures made to the stakeholders and the regulatory authorities. Following discussions with the External Auditors, the Directors consider that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates; and that financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016. The Directors recognise the responsibility for ensuring that accounting records are properly kept.

## **B. EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **1.1 Financial Reporting (Continued)**

The Audit Committee who assist the Board in overseeing the financial reporting process of the Group, has adopted a policy for the types of non-audit services permitted to be provided by the External Auditors, including the need for the Audit Committee's approval prior to such services can be provided by the External Auditors. The procedure included in the policy require the engagement team conducting the non-audit services to be different from the External Audit team.

In assessing the independence of External Auditors, the Audit Committee requires written assurance by the External Auditors, confirming that they are and have been independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Early announcements of the quarterly results and issuance of annual report to Bursa Securities reflect the Board's commitment to provide timely, transparent and up-to-date assessments on the Group's performance and prospects.

The Board is assisted by the Audit Committee to oversee the quality of the financial reporting of the Group. The Audit Committee reviews and monitors the integrity of the Group's annual and interim financial statements and reviews the appropriateness of the Group's accounting policies and changes to these policies as well as ensures these financial statements comply with accounting and regulatory requirements.

Audit Committee had on 20 February 2018 conducted an assessment on the suitability and independence of the external auditors, M/s BDO. Having considered their competency, resources and the audit team assigned and the tenure of the change of its audit engagement partner, the Audit Committee had recommended to the Board on their suitability and independence and to re-appoint M/s BDO as Auditors of the Group for the ensuing year. The Board has recommended M/s BDO for re-appointment as Auditors of the Group for the shareholders' approval at the Sixteenth Annual General Meeting.

During the year, the Audit Committee had met separately with the External Auditors without the presence of Executive Directors and the Management on matters relating to the Group and its audit activities.

The Board of Directors also have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

### **1.2 Statement on Directors' Responsibility**

The Directors are required by the Companies Act 2016 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the Group at end of the financial year and of their results and cash flow for the financial year then ended. In preparing these financial statements, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Company and the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of Group which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT

### 2.0 Risk Management and Internal Control Framework

The Board has rolled out a formal risk management exercise in 2018 and formalised a risk management framework to safeguard the interest and meet the expectations of its shareholder, employees, customers, other stakeholders and the many communities in which the Group conducts its business. It involves:-

- enhancing strategic competitiveness and operational efficiency that increases long-term shareholders' value;
- minimizing unexpected impact to earnings and returns to shareholders;
- safeguarding valuable assets and resources; and
- meeting existing regulatory requirements on risk management.

The Board requires the Group to maintain a rigorous risk management framework for identifying, evaluating, monitoring and managing the risks taken to achieve the Group's business objectives. This process is periodically reviewed by the Board.

The Group's Internal Audit function is outsourced to an independent consultant whose credentials and qualifications had been reviewed and found to be competent by the Board and had adequate resources to carry out the scope of activities as outlined in the internal audit plan of the Company. They report directly to the Audit Committee on the effectiveness of the current system of internal controls from the perspectives of governance, risks and controls. The internal audit function is independent of the activities it audits. The internal audit function carries out the internal audit reviews based on internal audit plans approved by the Audit Committees and the Board of Directors. The results of the audits are presented to the Audit Committee at their quarterly meetings.

Follow-up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow-up reviews are also highlighted to the Audit Committee at their quarterly meetings.

On 20 February 2018, the Audit Committee performed an assessment and review of the adequacy and scope of the Internal Audit Function and the backgrounds of Internal Auditors as part of on-going effort to ensure an effective and sound internal controls system. The areas covered are the competency and independence of Internal Auditors as well as the scope, functions, resources and authority of the Internal Audit Function that is in place.

For further details on the focus areas for internal audit during the financial year, please refer to the Statement of Risk Management and Internal Control on page 39 to 40.

The Statement of Risk Management and Internal Control furnished in the annual report provide an overview of the state of internal controls within the Group.

## **C. INTEGRITY IN CORPORATE REPORTING & RELATIONSHIP WITH STAKEHOLDERS**

### **1.0 Communication with Stakeholders**

#### **1.1 Corporate Disclosure Policy**

The Board acknowledges the importance to disclose information on a timely manner and in compliance with the requirements under the Listing Requirements and other applicable laws. The Board has outlined the Group's approach towards the determination and dissemination of material information, the circumstance under which the confidentiality of information will be maintained, preventing abuse of undisclosed material information and provides guidelines for achieving consistent disclosure practices.

The established Corporate Disclosures Policies and Procedures ("Policy") applies to the conduct of all Directors and employees of the Group with regards to handling and disclosing material information.

The Policy covers all methods that the Group uses to communicate to the public:-

- (a) Documents filed with the regulators, written statements made in the Group's annual and quarterly report, press releases, letters, circulars to shareholders, email communications and information on the Group's website; and
- (b) Oral statements made in group and individual meeting, interviews and press conferences and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, advisors and media).

The Policy does not apply to communication made in the ordinary course of business not involving material information.

#### **1.2 Effective Relationship with Shareholders**

The Group recognises the importance of maintaining accountability and transparency to its shareholders through proper communication with its shareholders. The Group reaches out to its shareholders through its distribution of the annual reports.

All shareholders are encouraged to attend the Group's Annual General Meeting ("AGM") and to participate in the proceedings. Shareholders' suggestions received during Annual General Meeting are reviewed and considered for implementation, whenever possible. Every opportunity is given to the shareholders to ask questions and seek clarification on the performance of the Group.

The Group also provides corporate information as well as highlighting key financial information in order to facilitate shareholders' easy access to the information.

The Notice of the Sixteenth AGM was issued and dated on 27 April 2018, or 59 days prior to the AGM date.

In line with Main Market Listing Requirements of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may be or intended to be moved at any general meeting must be voted by way of poll voting. Therefore, an independent scrutineer will be appointed to validate the vote cast in the poll at general meetings in this AGM and future general meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## C. INTEGRITY IN CORPORATE REPORTING & RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

### 1.0 Communication with Stakeholders (Continued)

#### 1.2 Effective Relationship with Shareholders (Continued)

The Group maintained a website ([www.three-a.com.my](http://www.three-a.com.my)) to which shareholders can access information related to the Group. Investors and members of the public who wish to assess corporate and financial information that is made public such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Bursa Malaysia Main Market Listing Requirements and other corporate information and events related to the Group can channel their queries to the following personnel:

Fong Peng Fai  
Group Financial Controller  
E-mail : [pf.fong@three-a.com.my](mailto:pf.fong@three-a.com.my)

Jessica Fang Siew Yee  
Executive Director  
E-mail : [jessica.fang@three-a.com.my](mailto:jessica.fang@three-a.com.my)

Tel No. : +603 6156 2655  
Website : [www.three-a.com.my](http://www.three-a.com.my)

While the Group endeavours to provide as much information as possible to its shareholders and stakeholders, the Group is mindful of the legal and regulatory framework governing the release of material and price sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be disclosed to the public.

## COMPLIANCE WITH CODE

The Board has reviewed, deliberated and viewed that this Corporate Governance Overview Statement has fulfilled its obligations under the Malaysian Code on Corporate Governance.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) is pleased to present its Statement on Risk Management and Internal Control. This Statement describing the state of risk management and internal control of the Company and its subsidiaries (“the Group”) during the financial year ended 31 December 2017 is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the “Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers” endorsed by Bursa Securities.

## BOARD’S COMMITMENT AND RESPONSIBILITIES

As the Group operates in a dynamic business environment, the Board acknowledges that risk management and systems of internal control are integral parts of corporate governance. On this note, the Board is responsible for maintaining adequate and effective systems of risk management and internal control and establishing on-going process for identifying, evaluating and managing its principal risks.

The Board understands the principal risks of the business that the Group is engaged in and accepts that business decisions require the incurrence and balancing of risk and return in order to reward the shareholders.

In order to derive its comfort on the state of risk management and internal control of the Group, the Board uses the following processes and information:

- Periodic review of financial performance, based on the quarterly and yearly financial results;
- Audit Committee’s review and consultation with management on the integrity of the financial results, annual report and audited financial statements;
- Audit findings and reports on the review of systems of internal control presented by the Internal Auditors; and
- Management assurance that the Group’s risk management and internal control systems are operating adequately and effectively, in all material respects.

## RISK MANAGEMENT

Management is responsible to the Board for on-going identification, evaluation and managing the principal risks and challenges faced by the Group. The principal risks and challenges faced by the Group presently are fluctuation of prices of raw materials and foreign currency exchange, credit risk, suppliers performance risks as well as risk with respect to the compliance with various essential certification bodies for food industry. By managing these principal risks effectively, it will enable the Group to constantly improve its business competitiveness and quality of products and be able to meet the expectation and demand of its local and international customers.

Going forward, the Group has developed a risk management implementation plan and schedule and will roll out a formal risk management exercise in 2018. Under this implementation plan, the Group will formalise its risk management policy, Board’s risk oversight responsibility, Management Risk Committee and risk documentation.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

## KEY ELEMENTS OF INTERNAL CONTROL

Fundamentally, the key internal control procedures and processes in the Group are as follows:

- i. Management organisation structure defining the management responsibilities and hierarchical structure of monitoring, reporting and accountability;
- ii. Limit of authority and approval facilitating delegation of authority and management succession;
- iii. Documented standard operating procedures covering all the major management functions in the Group;
- iv. Management meeting and credit committee meeting and reporting procedures for monitoring, tracking and deciding actions for ensuring that the performance objectives of the Group are met;
- v. The continual implementation and compliance with Halal, Kosher, HACCP and FSSC Certifications setting the fundamental of management control in the Group; and
- vi. Job descriptions providing understanding to employees of the actions needed in discharging their responsibilities.

## MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities Guidelines, management is responsible to identify risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

In producing this Statement, the Board has received assurance from the Managing Director and the Group Financial Controller that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

## REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2017 in accordance with Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

## THE BOARD'S CONCLUSION

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management is effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in 2017 Annual Report.

As reported previously, due to limited management control, the state of internal control in the joint venture company was not considered in the disclosure of this Statement. Nevertheless, before the end of the financial year, the Group had disposed its fifty percent (50%) interest in Three-A (Qinhuangdao) Food Industries Co. Ltd., a joint venture company between Three-A Food Industries (M) Sdn. Bhd. and Yihai Kerry Investments Co. Ltd..

This Statement on Risk Management and Internal Control was made in accordance with the approval of the Board on 30 March 2018.

# AUDIT COMMITTEE REPORT

## Chairman

Chew Eng Chai  
Independent Non-Executive Director  
Member of the Malaysian Institute of Accountants

## Members

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

Mohd Zaki Bin Hamzah  
Independent Non-Executive Director

Khoo Wee Boon  
Independent Non-Executive Director

## MEMBERSHIP AND ATTENDANCE

A total of five (5) meetings were held during the financial year. The record of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2017 are as follows:

Composition of Audit Committee	Numbers of Audit Committee Meetings	
	Held	Attended
Chew Eng Chai Chairman, Independent Non-Executive Director	5	5
Tan Chon Sing @ Tan Kim Tieng Member, Independent Non-Executive Director	5	5
Mohd Zaki Bin Hamzah Member, Independent Non-Executive Director	5	4
Khoo Wee Boon Member, Independent Non-Executive Director	5	5

Upon invitation by the Audit Committee, the Directors, Group Financial Controller, Internal Auditors, External Auditors and other members of senior management attended all the meetings from time to time. The Audit Committee had also met up with the External Auditors without the presence of the Management during the financial year. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

## COMPOSITION AND TERMS OF REFERENCE

### Members

The Audit Committee shall comprise at least three (3) Non-Executive Directors (but not their alternate), the majority of whom are independent, including the Chairman. All members of the Audit Committee shall be financially literate and at least one (1) member shall be a professional or qualified accountant. Any vacancy resulting in there being no majority of Independent Directors shall be filled within three (3) months.

The Board through the Nomination Committee shall review the terms of office and performance of the AC and its members annually to determine whether the AC and its members have carried out their duties in accordance with their terms of reference.

# AUDIT COMMITTEE REPORT (CONTINUED)

## Chairman

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Non-Executive Director.

## Meetings

- The Audit Committee shall meet at least four (4) times annually. Additional meetings may be called at any time at the Audit Committee Chairman's discretion or if requested by any Audit Committee member, the Management, the Internal or External auditors;
- The Group Financial Controller and Head of Internal Audit will attend the meetings. Other Board and representatives of the External Auditors' members may attend meetings upon the invitation of the Audit Committee;
- The Audit Committee members shall meet with External Auditors without Executive Board members at least twice a year;
- The Chairman of the Audit Committee shall engage on a continuous basis with senior management such as the Managing Director, Group Financial Controller, Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company;
- The quorum for each meeting shall be two (2);
- The Company Secretary shall be the Secretary to the Audit Committee; and
- Minutes of each meeting will be circulated to each member of the Audit Committee and the Audit Committee Chairman shall report on each meeting to the Board.

## Authority

- The Audit Committee shall, at the Company's expenses, have authority to investigate any matter within its terms of reference or as otherwise directed by the Board, to determine the resources and to have full access to any information including to employees and External and Internal Auditors which are required to perform its duties; and
- The Audit Committee shall have direct communication channels with the Internal and External Auditors and is authorised to seek independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and to convene meeting with the External Auditors and Internal Auditors or both, excluding the attendance of the other Directors and employees of the listed company whenever deemed necessary.

## DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Audit Committee are as follows:

### Internal Audit and Risk Management

- To review the competency of the Internal Auditors and to ensure that the Internal Auditors have the adequate resources to carry out the internal audit work in line with the Company's growth;
- To review and report the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its works as well as to review the status reports from Internal Auditors and ensure the appropriate actions have been taken to implement the internal audit recommendations;
- To review the adequacy and effectiveness of risk management and internal control system instituted within the Group; and
- To request and review any special audit which it deems necessary.

### **External Audit**

- To discuss and review with the External Auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group; and to ensure co-ordination where more than one audit firm is involved;
- To review with the External Auditors, their evaluation of the system of internal controls and audit findings;
- To discuss problems and reservations arising from the interim and final audit, and any other matters the Auditors may wish to discuss in the absence of the management where necessary and to review the External Auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- To review the audit report with the External Auditors; and
- To review the suitability of the External Auditors for recommendation to the Board for re-appointment and the audit fee thereof and to make appropriate recommendations to the Board on matters of resignation or dismissal of External Auditors.

### **Financial Reporting**

- To review the annual audited financial statements of the Group and quarterly results of the Group, and thereafter submit them to the Board for approval, focusing particularly on:
  - - i. Any significant changes to accounting policies and practices;
    - ii. The going concern assumptions;
    - iii. Significant adjustments arising from the audit;
    - iv. Compliance with accounting standards and other legal requirements; and
    - v. Significant and unusual events.
- To ensure prompt publication of annual audited financial statements.

### **Related Party Transactions**

- To review any related party transactions that may arise within the Group.

### **Other Functions**

- To perform any other functions as may be agreed by the Audit Committee and the Board; and
- To consider the major findings of internal investigations and management's response.

## **ACTIVITIES FOR THE YEAR**

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Committee for the financial year ended 31 December 2017 under review in accordance with its functions and duties.

### **Internal Audit**

- Reviewed the Internal Audit plan, resources and scope of audit;
- Reviewed the major findings of Internal Audit reports, their recommendation and updates on their follow up relating thereto; and
- Reviewed the Group's systems and practices for the identification and management of risks.

### **Financial Results**

- Reviewed the annual audited financial statements of the Group, quarterly results of the Group, and thereafter recommend to the Board for approval; and
- Reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.



# AUDIT COMMITTEE REPORT (CONTINUED)

## External Audit

- Reviewed the suitability of the External Auditors and recommended to the Board for re-appointment and the audit fee thereof;
- Discussed and reviewed the External Auditors' audit plan, the nature and scope of the audit plan, audit report and the areas of audits of the Group;
- Reviewed the External Auditors' evaluation of the system of internal controls;
- Reviewed the External Auditors' findings arising from audits in particularly any comments and responses in management letters as well as assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- Reviewed the External Auditors' audit report; and
- The Committee met twice with the External Auditors without the presence of the Management for the financial year ended 31 December 2017.

## Related Party Transactions

- Reviewed the recurrent related party transactions of a revenue nature that had arisen within the Group, and the Group's procedures for monitoring and reviewing of related party transactions to satisfy itself that the procedures were sufficient to ensure that the related party transactions were carried out on normal commercial terms which were not prejudicial to the interests of shareholders and that the terms of the related parties transactions were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

## INTERNAL AUDIT FUNCTION

The Committee acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee and the costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2017 was about RM60,000. The function, which is independent of the activities and operations conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. This provides reasonable assurance that such system would continue to operate satisfactorily and effectively in the Company and the Group. The Internal Audit function reports directly to the Audit Committee and assists the Board in monitoring the internal controls to mitigate the risks.

The scope of internal audit plan covers the risk management, control and governing processes, and audit of the Group's operations. The activities of the Internal Audit for the financial year ended 31 December 2017 under review include the following:

- Ascertained the extent of compliance with established policies, procedures and statutory requirements.
- Undertook special reviews requested by the Audit Committee and/or management.
- Assessed the means of safeguarding assets and verified their existence.
- Approved the Internal Audit Plan each year. Present internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the Committee's deliberation and to enhance efficiencies to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

In year 2017, a total of four (4) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

The Audit Committee and the Board of Directors are satisfied with the performance of the Internal Auditor and have in the interest of greater independence and continuity in the Internal Audit function, taken the decision to continue with the outsource of the Internal Audit Function.

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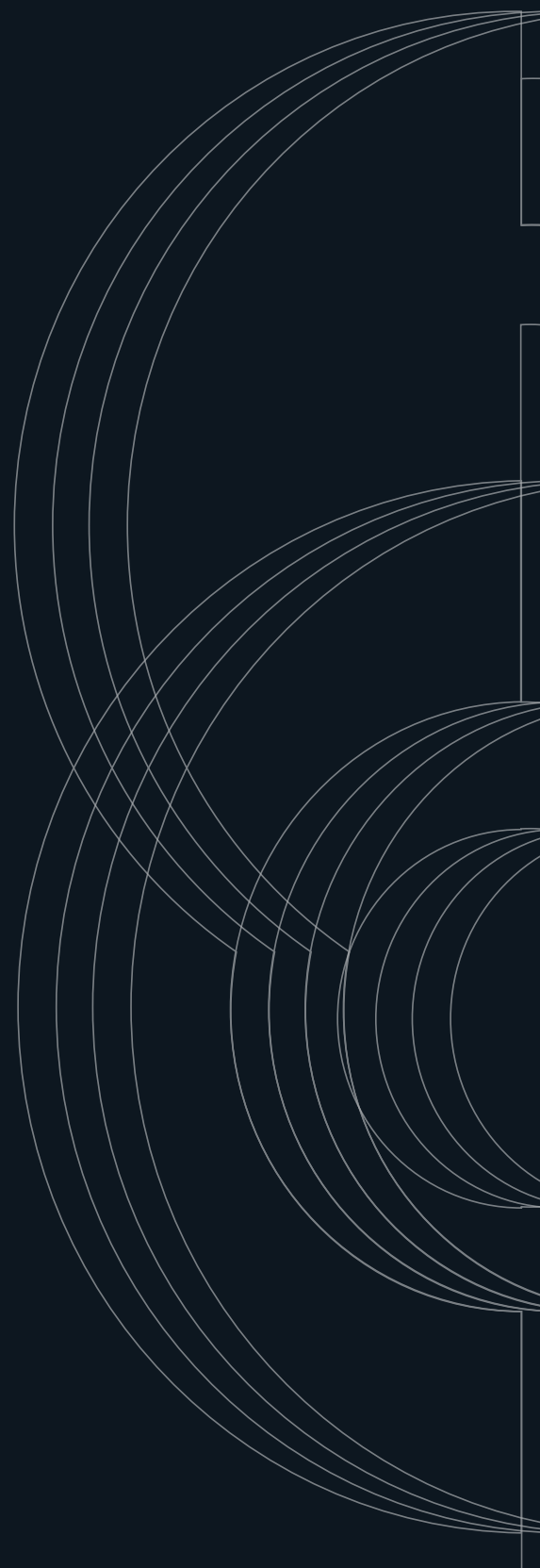
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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
Profit for the financial year, attributable to owners of the parent	41,647	956

## DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year was as follows:

	<b>RM'000</b>
In respect of financial year ended 31 December 2017:	
Interim single tier dividend of 1.8 sen per ordinary share, paid on 12 December 2017	8,856

The Directors do not recommend any payment of final dividend for the financial year ended 31 December 2017.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM78,720,003 to RM98,400,002 by way of issuance of 98,399,991 bonus shares on the basis of one (1) bonus share for every four (4) existing ordinary shares each held in the Company.

The newly issued shares ranked pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

There was no issue of debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS

The Directors who have held for office since the date of the last report are:

### Three-A Resources Berhad and its subsidiaries

Dato' Mohd Nor Bin Abdul Wahid	
Fang Chew Ham	
Fong Chu King @ Tong Chu King	
Chew Eng Chai	
Tan Chon Sing @ Tan Kim Tieng	
Fang Siew Yee	
Khoo Wee Boon	
Mohd Zaki Bin Hamzah	
Gurpreet Singh Vohra	(Appointed on 11 May 2017)
Loo Cheau Leong	(Appointed on 11 May 2017)
Kwek Ju-Yang, Mark (Guo Zuyang, Mark)	(Retired on 11 May 2017)
Sun You Ning	(Retired on 11 May 2017)
Liew Kuo Shin	(Alternate Director to Fong Chu King @ Tong Chu King)
Fang Siew Ping	(Alternate Director to Fang Siew Yee)
Sun Yi-Ling (Sun Yining)	(Vacated office as alternate Director to Kwek Ju-Yang, Mark (Guo Zuyang, Mark) on 11 May 2017)

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporation during the financial year ended 31 December 2017 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2017
	Balance as at 1.1.2017	Bought	Sold	
<b>Direct interests:</b>				
Dato' Mohd Nor Bin Abdul Wahid	438,000	109,500	-	547,500
Fong Chu King @ Tong Chu King	10,950,000	2,737,500	-	13,687,500
Chew Eng Chai	160,000	40,000	-	200,000
Mohd Zaki Bin Hamzah	500,000	125,000	-	625,000
Liew Kuo Shin	100,000	25,000	-	125,000
<b>Indirect interests:</b>				
Fang Chew Ham <sup>a</sup>	81,702,080	20,425,520	-	102,127,600
Fang Siew Yee <sup>a</sup>	81,702,080	20,425,520	-	102,127,600
Fong Chu King @ Tong Chu King <sup>b</sup>	1,211,980	302,995	-	1,514,975
Tan Chon Sing @ Tan Kim Tieng <sup>c</sup>	2,688,000	659,500	(50,000)	3,297,500
Chew Eng Chai <sup>d</sup>	7,000	1,750	-	8,750

# DIRECTORS' REPORT (CONTINUED)

## DIRECTORS' INTERESTS (CONTINUED)

- <sup>a</sup> Indirect interest by virtue of Section 8 of the Companies Act 2016 ('CA2016') held through Fang Chew Ham Holdings Sdn. Bhd. (100,750,000 ordinary shares) and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,377,600 ordinary shares).
- <sup>b</sup> Indirect interest via shareholdings of his son, Fong Peng Fai (137,375 ordinary shares) pursuant to Section 59(11)(c) of CA2016 and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,377,600 ordinary shares) pursuant to Section 8 of CA2016.
- <sup>c</sup> Indirect interest via shareholdings of his spouse Ng Faai @ Ng Yoke Pei pursuant to Section 59(11)(c) of CA2016.
- <sup>d</sup> Indirect interest via shareholdings of his spouse Lim Tong Lean pursuant to Section 59(11)(c) of CA2016.

By virtue of their interests in the ordinary shares of the Company, Fang Chew Ham and Fang Siew Yee are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as Directors/executives of a related corporation and any benefit which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REMUNERATION

The details of the Directors' remuneration for the current financial year of the Group and the Company are as follows:

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Executive Directors' remuneration:		
- Salaries and other emoluments	6,773	-
Non-Executive Directors' remuneration:		
- Fees	243	243
- Other emoluments	288	-
Total	<u>7,304</u>	<u>243</u>

## **INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS**

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

There was no indemnity was given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

### **(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### **(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the amounts written off for bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)**

### **(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

Significant event during the financial year is disclosed in Note 31 to the financial statements.

### **AUDITORS**

The auditors, BDO, have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2017 amounted to RM143,000 and RM50,500 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**Dato' Mohd Nor Bin Abdul Wahid**  
Director

**Fang Chew Ham**  
Director

Kuala Lumpur  
30 March 2018

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 56 to 93 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Dato' Mohd Nor Bin Abdul Wahid**  
Director

**Fang Chew Ham**  
Director

Kuala Lumpur  
30 March 2018

# STATUTORY DECLARATION

I, Fong Peng Fai, being the officer primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at )  
Kuala Lumpur, this )  
30 March 2018 )

**Fong Peng Fai**

Before me:



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THREE-A RESOURCES BERHAD  
(Incorporated in Malaysia)

## REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Three-A Resources Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 93.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recoverability of trade receivables

As at 31 December 2017, trade receivables of the Group amounted to RM89,740,000. The details of trade receivables and their credit risk have been disclosed in Note 10 to the financial statements.

Management recognises allowance for impairment losses on trade receivables based on specific known facts or circumstances or customers' abilities to pay. The determination of whether the trade receivables are recoverable involves significant management judgement and inherent subjectivity given uncertainty regarding the ability of the trade receivables to settle their debts. We focused on the audit risk that the trade receivables may be overstated and hence, further impairment losses may be required.

## **Key Audit Matters (Continued)**

### **Audit response**

Our procedures included:

- (a) Obtained an understanding of the credit process in place to assess and manage the recoverability of trade receivables of the Group;
- (b) Assessed the recoverability of trade receivables by reference to their historical bad debt record and past historical repayment trends; and
- (c) Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing the amounts outstanding as at the end of the reporting period.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THREE-A RESOURCES BERHAD  
(Incorporated in Malaysia)

## Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **BDO**

AF : 0206

Chartered Accountants

Kuala Lumpur

30 March 2018

### **Lee Ken Wai**

03185/07/2019 J

Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	<b>183,514</b>	161,851	-	-
Prepaid lease payments for land	6	<b>1,447</b>	1,503	-	-
Investments in subsidiaries	7	-	-	<b>151,529</b>	177,900
Investment in a joint venture	8	-	6,772	-	-
		<b>184,961</b>	170,126	<b>151,529</b>	177,900
<b>Current assets</b>					
Inventories	9	<b>45,210</b>	48,848	-	-
Trade and other receivables	10	<b>95,196</b>	91,844	<b>6,528</b>	4,007
Current tax assets		<b>35</b>	45	<b>35</b>	45
Cash and bank balances	11	<b>47,013</b>	28,714	<b>16,074</b>	78
		<b>187,454</b>	169,451	<b>22,637</b>	4,130
<b>TOTAL ASSETS</b>		<b>372,415</b>	339,577	<b>174,166</b>	182,030
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	12	<b>98,400</b>	78,720	<b>98,400</b>	78,720
Reserves	13	<b>210,915</b>	200,715	<b>75,452</b>	103,032
<b>TOTAL EQUITY</b>		<b>309,315</b>	279,435	<b>173,852</b>	181,752
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	15	<b>16,885</b>	12,237	-	-
Deferred tax liabilities	14	<b>16,271</b>	14,325	-	-
		<b>33,156</b>	26,562	-	-
<b>Current liabilities</b>					
Trade and other payables	17	<b>25,952</b>	27,182	<b>314</b>	278
Borrowings	15	<b>3,133</b>	2,672	-	-
Current tax liabilities		<b>859</b>	3,726	-	-
		<b>29,944</b>	33,580	<b>314</b>	278
<b>TOTAL LIABILITIES</b>		<b>63,100</b>	60,142	<b>314</b>	278
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>372,415</b>	339,577	<b>174,166</b>	182,030

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	20	<b>411,485</b>	387,718	<b>27,930</b>	15,960
Cost of sales		<b>(317,652)</b>	(300,326)	-	-
Gross profit		<b>93,833</b>	87,392	<b>27,930</b>	15,960
Other income	21	<b>3,626</b>	2,146	<b>18</b>	-
Administrative expenses	22	<b>(27,320)</b>	(20,325)	<b>(26,992)</b>	(553)
Other operating expenses	22	<b>(10,205)</b>	(8,720)	-	-
Share of results of a joint venture, net of tax	8(c)	<b>(3,156)</b>	(5,877)	-	-
Profit from operations		<b>56,778</b>	54,616	<b>956</b>	15,407
Finance costs	23	<b>(988)</b>	(1,168)	-	-
Profit before tax		<b>55,790</b>	53,448	<b>956</b>	15,407
Tax expense	24	<b>(14,143)</b>	(14,527)	-	-
Profit for the financial year		<b>41,647</b>	38,921	<b>956</b>	15,407
Other comprehensive income that may be reclassified subsequently to profit or loss					
- Foreign currency translations		<b>(14)</b>	(572)	-	-
- Reclassification of exchange translation reserve to profit or loss on disposal of a joint venture		<b>(2,897)</b>	-	-	-
Total other comprehensive income, net of tax		<b>(2,911)</b>	(572)	-	-
Total comprehensive income		<b>38,736</b>	38,349	<b>956</b>	15,407
Profit attributable to owners of the parent		<b>41,647</b>	38,921	<b>956</b>	15,407
Total comprehensive income attributable to owners of the parent		<b>38,736</b>	38,349	<b>956</b>	15,407
Earnings per share attributable to equity holders of the Company (sen):					
Basic and diluted	25	<b>9.2</b>	8.6		

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Group	Note	----- Non-distributable -----			Distributable Retained earnings	Total
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000		
<b>Balance as at 1 January 2016</b>		78,720	70,367	3,483	95,601	248,171
Profit for the financial year		-	-	-	38,921	38,921
Other comprehensive loss, net of tax		-	-	(572)	-	(572)
Total comprehensive income		-	-	(572)	38,921	38,349
Transactions with owners						
Dividends	26	-	-	-	(7,085)	(7,085)
<b>Balance as at 31 December 2016</b>		78,720	70,367	2,911	127,437	279,435
Profit for the financial year		-	-	-	41,647	41,647
Other comprehensive loss, net of tax		-	-	(2,911)	-	(2,911)
Total comprehensive income		-	-	(2,911)	41,647	38,736
Transactions with owners						
Dividends	26	-	-	-	(8,856)	(8,856)
Ordinary shares issued pursuant to bonus issue	12	19,680	(19,680)	-	-	-
Total transactions with owners		19,680	(19,680)	-	(8,856)	(8,856)
<b>Balance as at 31 December 2017</b>		<b>98,400</b>	<b>50,687</b>	<b>-</b>	<b>160,228</b>	<b>309,315</b>

The accompanying notes form an integral part of the financial statements.



# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Company	Note	Non-distributable		Distributable	Total
		Share capital	Share premium	Retained earnings	
		RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2016</b>		78,720	70,367	24,343	173,430
Profit for the financial year		-	-	15,407	15,407
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	15,407	15,407
Transactions with owners					
Dividends	26	-	-	(7,085)	(7,085)
<b>Balance as at 31 December 2016</b>		78,720	70,367	32,665	181,752
Profit for the financial year		-	-	956	956
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	956	956
Transactions with owners					
Dividends	26	-	-	(8,856)	(8,856)
Ordinary shares issued pursuant to bonus issue	12	19,680	(19,680)	-	-
		19,680	(19,680)	(8,856)	(8,856)
<b>Balance as at 31 December 2017</b>		<b>98,400</b>	<b>50,687</b>	<b>24,765</b>	<b>173,852</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>55,790</b>	53,448	<b>956</b>	15,407
Adjustments for:					
Amortisation of prepaid lease payments for land	6	<b>56</b>	56	-	-
Depreciation of property, plant and equipment	5	<b>8,705</b>	7,093	-	-
Dividend income from a subsidiary	20	-	-	<b>(27,930)</b>	(15,960)
Gain on disposal of a joint venture	8(d)	<b>(2,547)</b>	-	-	-
Gain on disposal of property, plant and equipment	21	-	(17)	-	-
Impairment losses on investments in subsidiaries	7	-	-	<b>26,371</b>	-
Interest expense	23	<b>988</b>	1,168	-	-
Property, plant and equipment written off	5	-	5	-	-
Interest income	21	<b>(913)</b>	(96)	<b>(18)</b>	-
Share of results of a joint venture, net of tax	8(c)	<b>3,156</b>	5,877	-	-
Unrealised foreign exchange loss/(gain)	22,21	<b>2,352</b>	(905)	-	-
Operating profit/(loss) before changes in working capital		<b>67,587</b>	66,629	<b>(621)</b>	(553)
Changes in working capital:					
Inventories		<b>3,638</b>	12,827	-	-
Trade and other receivables		<b>(5,704)</b>	(878)	-	-
Trade and other payables		<b>(1,692)</b>	14,180	<b>36</b>	24
Cash generated from/(used in) operations		<b>63,829</b>	92,758	<b>(585)</b>	(529)
Tax refunded		<b>38</b>	43	<b>38</b>	43
Tax paid		<b>(15,092)</b>	(14,302)	<b>(28)</b>	(33)
Net cash from/(used in) operating activities		<b>48,775</b>	78,499	<b>(575)</b>	(519)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advances to subsidiaries		-	-	<b>(2,521)</b>	(2,788)
Dividend received from a subsidiary		-	-	<b>27,930</b>	15,960
Interest received		<b>913</b>	96	<b>18</b>	-
Proceeds from disposal of a joint venture	8(d)	<b>3,252</b>	-	-	-
Proceeds from disposal of property, plant and equipment		-	17	-	-
Purchase of property, plant and equipment	5(c)	<b>(29,877)</b>	(27,597)	-	-
Net cash (used in)/from investing activities		<b>(25,712)</b>	(27,484)	<b>25,427</b>	13,172
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		<b>(8,856)</b>	(12,595)	<b>(8,856)</b>	(12,595)
Interest paid		<b>(988)</b>	(1,168)	-	-
Repayments of bankers' acceptances		-	(26,073)	-	-
Drawdown of term loans		<b>7,053</b>	7,100	-	-
Repayments of term loans		<b>(1,328)</b>	(1,171)	-	-
Repayments of hire purchase obligations		<b>(616)</b>	(517)	-	-
Net cash used in financing activities		<b>(4,735)</b>	(34,424)	<b>(8,856)</b>	(12,595)
Net increase in cash and cash equivalents		<b>18,328</b>	16,591	<b>15,996</b>	58
Effect of exchange rate changes on cash and cash equivalents		<b>(29)</b>	(630)	-	-
Cash and cash equivalents at beginning of financial year		<b>28,714</b>	12,753	<b>78</b>	20
Cash and cash equivalents at end of financial year	11	<b>47,013</b>	28,714	<b>16,074</b>	78

# STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Group	
	Term loans	Hire purchase
	Note 15	creditors
	Note 15	Note 16
	RM'000	RM'000
At 1 January 2017	13,427	1,482
Cash flows	5,725	(616)
At 31 December 2017	<u>19,152</u>	<u>866</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

## 1. CORPORATE INFORMATION

Three-A Resources Berhad ('the Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2017 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 March 2018.

## 2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 56 to 93 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 30 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

## 4. OPERATING SEGMENTS

### Segmental information

Segment analysis has not been prepared as the business of the Group is focused only in manufacturing and trading of food and beverage ingredients.

The Group does not have any non-current assets that are located in countries other than Malaysia.

The Chief Operating Decision Maker reviews the business performance of the Group as a whole and management monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

### Geographical information

For the purpose of disclosing geographical information, revenue is based on the geographical location of customers from which the sales transactions originated. The foreign customers are predominantly based in Singapore, Hong Kong, People's Republic of China, South Korea, Indonesia, Philippines, Vietnam, Australia and United States of America.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 4. OPERATING SEGMENTS (CONTINUED)

	Group	
	2017	2016
	RM'000	RM'000
<b>Revenue:</b>		
Malaysia	256,718	257,257
Singapore	36,718	39,985
Other foreign countries	118,049	90,476
	<b>411,485</b>	<b>387,718</b>

### Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Long-term leasehold land	Factory and office buildings	Plant and machinery, tools and implements	Furniture and fittings and equipment	Renovations and electrical installations	Motor vehicles	Construction-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>								
As at 1 January 2017	37,488	55,327	102,465	4,833	3,894	11,925	17,327	233,259
Additions	17,041	2,666	3,866	835	270	570	5,120	30,368
Reclassification	-	2,919	13,525	-	-	-	(16,444)	-
As at 31 December 2017	<b>54,529</b>	<b>60,912</b>	<b>119,856</b>	<b>5,668</b>	<b>4,164</b>	<b>12,495</b>	<b>6,003</b>	<b>263,627</b>
<b>Accumulated depreciation</b>								
As at 1 January 2017	3,966	9,335	47,669	3,457	2,042	4,939	-	71,408
Charge for the financial year	555	1,152	5,784	295	241	678	-	8,705
As at 31 December 2017	<b>4,521</b>	<b>10,487</b>	<b>53,453</b>	<b>3,752</b>	<b>2,283</b>	<b>5,617</b>	<b>-</b>	<b>80,113</b>
<b>Carrying amount</b>								
As at 31 December 2017	<b>50,008</b>	<b>50,425</b>	<b>66,403</b>	<b>1,916</b>	<b>1,881</b>	<b>6,878</b>	<b>6,003</b>	<b>183,514</b>

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Long-term leasehold land	Factory and office buildings	Plant and machinery, tools and implements	Furniture and fittings and equipment	Renovations and electrical installations	Motor vehicles	Construction-in-progress	Total
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>								
As at 1 January 2016	20,857	48,924	100,076	4,562	2,547	11,341	11,582	199,889
Additions	11,631	1,388	2,389	271	1,347	712	10,760	28,498
Disposal	-	-	-	-	-	(73)	-	(73)
Reclassification	-	5,015	-	-	-	-	(5,015)	-
Transfer from prepaid lease payments for land	5,000	-	-	-	-	-	-	5,000
Written off	-	-	-	-	-	(55)	-	(55)
As at 31 December 2016	37,488	55,327	102,465	4,833	3,894	11,925	17,327	233,259
<b>Accumulated depreciation</b>								
As at 1 January 2016	2,702	8,328	43,062	3,171	1,887	4,351	-	63,501
Charge for the financial year	327	1,007	4,607	286	155	711	-	7,093
Disposal	-	-	-	-	-	(73)	-	(73)
Transfer from prepaid lease payments for land	937	-	-	-	-	-	-	937
Written off	-	-	-	-	-	(50)	-	(50)
As at 31 December 2016	3,966	9,335	47,669	3,457	2,042	4,939	-	71,408
<b>Carrying amount</b>								
As at 31 December 2016	33,522	45,992	54,796	1,376	1,852	6,986	17,327	161,851



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture and fittings	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
At 1 January/31 December	5	5
<b>Accumulated depreciation</b>		
At 1 January/31 December	5	5
<b>Carrying amount</b>		
At 31 December	-	-

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the manufacturing industry within which the Group operates.

Long-term leasehold land	56 to 99 years
Factory and office buildings	50 years
Plant and machinery, tools and implements	10 to 20 years
Furniture and fittings and equipment	10 years
Renovations and electrical installations	10 years
Motor vehicles	7 to 15 years

Construction-in-progress represents factory and plant and machinery under construction and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (b) The Group has assessed and classified land use rights (i.e. long-term leasehold land) of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights (i.e. long-term leasehold land) as finance leases in accordance with MFRS 117.

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2017	2016
	RM'000	RM'000
Purchase of property, plant and equipment	30,368	28,498
Financed by credit purchase (Note 17(c))	(491)	(901)
Cash payments on purchase of property, plant and equipment	29,877	27,597

(d) The carrying amounts of the property, plant and equipment of the Group under hire purchase arrangements at the end of the reporting period were as follows:

	Group	
	2017	2016
	RM'000	RM'000
Plant and machinery	2,418	2,605
Motor vehicles	157	199
	2,575	2,804

(e) As at the end of the reporting period, certain long-term leasehold land, factory and office buildings, plant and machinery of the Group with a total carrying amount of RM55,876,000 (2016: RM59,709,000) have been charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 15 to the financial statements.

## 6. PREPAID LEASE PAYMENTS FOR LAND

Group	Amortisation		
	Balance as at 1.1.2017	charge for the financial year	Balance as at 31.12.2017
Carrying amount	RM'000	RM'000	RM'000
Short-term leasehold land	1,503	(56)	1,447
	----- At 31.12.2017 -----		
	Cost	Accumulated amortisation	Carrying amount
	RM'000	RM'000	RM'000
Short-term leasehold land	2,201	(754)	1,447

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 6. PREPAID LEASE PAYMENTS FOR LAND (CONTINUED)

Group	Balance as at 1.1.2016	Amortisation charge for the financial year	Transfer to property, plant and equipment	Balance as at 31.12.2016
Carrying amount	RM'000	RM'000	RM'000	RM'000
Short-term leasehold land	5,622	(56)	(4,063)	1,503

	At 31.12.2016		
	Cost	Accumulated amortisation	Carrying amount
	RM'000	RM'000	RM'000
Short-term leasehold land	2,201	(698)	1,503

Prepaid lease payments for land of the Group with a carrying amount of RM902,000 (2016: RM941,000) are charged as securities for bank facilities granted to the Group as disclosed in Note 15 to the financial statements.

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares - at cost	177,900	177,900
Less: Impairment losses	(26,371)	-
	151,529	177,900

(a) Investments in subsidiaries are stated in the separate financial statements at cost less impairment losses.

(b) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2017	2016	
		%	%	
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of food and beverage ingredients
Three-A Food Industries (M) Sdn. Bhd.	Malaysia	100	100	Investment holding

All subsidiaries of the Company are audited by BDO.

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (c) An impairment loss on investment in subsidiaries amounting to RM26,371,000 relating to a subsidiary, Three-A Food Industries (M) Sdn. Bhd. has been recognised during the financial year because the Directors had not identified any new business opportunities for this subsidiary upon the disposal of its investment in a joint venture.

## 8. INVESTMENT IN A JOINT VENTURE

	Group	
	2017	2016
	RM'000	RM'000
Unquoted equity shares, at cost	-	29,277
Share of post-acquisition reserves	-	(25,416)
	-	3,861
Exchange differences	-	2,911
	-	6,772

- (a) The Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangement (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that the joint arrangement structured through a separate vehicle provide rights to the net assets and is therefore, classified as a joint venture.

- (b) Three-A (Qinhuangdao) Food Industries Co. Ltd., the only joint venture in which the Group participates, was an unlisted separate structured entity whose quoted market price was not available. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with Three-A (Qinhuangdao) Food Industries Co. Ltd.. The joint arrangement had been classified as a joint venture and had been included in the consolidated financial statements using the equity method in accordance with MFRS 128 *Investment in Associates and Joint Ventures*.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 8. INVESTMENT IN A JOINT VENTURE (CONTINUED)

- (c) The summarised financial information of the joint venture, adjusted for any differences in accounting policies, if any, and a reconciliation to the carrying amount in the consolidated financial statements, are as follows:

	2017 RM'000	2016 RM'000
<b>Assets and liabilities</b>		
Non-current assets	-	60,238
Current assets	-	8,122
Current liabilities	-	(54,816)
Net assets	-	13,544
Carrying amount of the investment in a joint venture	-	6,772
<b>Results</b>		
Revenue	11,562	12,090
Cost of sales	(13,586)	(19,167)
Gross loss	(2,024)	(7,077)
Administrative expenses	(2,491)	(2,447)
Finance cost	(1,798)	(2,231)
Loss before tax	(6,313)	(11,755)
Taxation	-	-
Loss for the financial year	(6,313)	(11,755)
Share of loss by the Group for the financial year	(3,156)	(5,877)

- (d) On 5 September 2017, Three-A Food Industries (M) Sdn. Bhd., a wholly owned subsidiary of the Company, proposed to dispose its interest in the investment in a joint venture, Three-A (Qinhuangdao) Food Industries Co. Ltd. for a cash consideration of RMB5,000,000 (equivalent to approximately RM3,252,000). The disposal was completed on 1 December 2017 and resulted in a gain on disposal of RM2,547,000.

### Analysis of disposal of a joint venture

	2017 RM'000
<b>Assets and liabilities</b>	
Non-current assets	57,844
Current assets	12,584
Current liabilities	(63,225)
Total net assets	7,203
Proportion of the ownership of the Group	50%
Carrying amount of the investment in a joint venture	3,602

## 8. INVESTMENT IN A JOINT VENTURE (CONTINUED)

(d) Analysis of disposal of a joint venture (continued)

	2017 RM'000
<u>Gain on disposal of a joint venture</u>	
Consideration received	3,252
Net assets disposed	(3,602)
Reclassification adjustment of exchange translation reserves	2,897
Gain on disposal	<u>2,547</u>

(e) The commitments of the Group in respect of its investment in a joint venture are as follows:

		Group	
	Note	2017 USD'000	2016 USD'000
Co-operation commitments	(i)	<u>20,000</u>	20,000
Balance of the investment commitment in joint venture	(ii)	<u>1,450</u>	1,450

(i) On 5 May 2010, the Group entered into a framework co-operation agreement with Wilmar International Limited ('Wilmar'), a company incorporated in Singapore to set up an equity joint venture company in the People's Republic of China ('PRC'). Both parties agreed to contribute 50% and jointly invest up to USD40,000,000 or such other amount as may be agreed by both parties from time to time.

(ii) Pursuant to the framework co-operation agreement, the Group had on 5 May 2010 entered into a joint venture agreement with Yihai Kerry Investments Co. Ltd. ('Yihai'), a wholly-owned subsidiary of Wilmar. Both parties agreed to contribute 50% of the total investment cost of up to USD12,000,000 in the joint venture company to set up a factory in the vicinity of Shanhaiguan, PRC for the business of manufacturing and selling of food and beverage ingredients. The Group and Yihai agreed to increase their total investment in the joint venture company up to USD20,000,000 in subsequent years. Prior to the completion of disposal of investment in a joint venture, the Group had invested a total amount of USD8,550,000.

(f) The exchange rate of RMB1.00: RM0.6475 (2016: RMB1.00: RM0.6453) as at end of reporting period have been used.

(g) The Group reviews the investment in a joint venture for impairment when there is an indication of impairment.

In the previous financial year, management had made estimates about the future results and key assumptions applied to cash flow forecasts in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rate. Management had determined that the recoverable amounts were in excess of the carrying amount of the investment in joint venture and no impairment had been recorded in the previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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## 9. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
<b>At cost</b>		
Raw materials	22,907	24,161
Goods-in-transit	925	8,212
Work-in-progress	1,614	4,584
Packing materials	5,465	1,146
Finished goods	14,299	10,745
	<b>45,210</b>	<b>48,848</b>

- (a) Cost is determined using the first-in first-out basis. Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:
- (i) raw materials and goods-in-transit: all purchase costs.
  - (ii) finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM296,960,000 (2016: RM279,935,000).

## 10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade receivables</b>				
Third parties	90,449	89,789	-	-
Related party	247	181	-	-
	<b>90,696</b>	<b>89,970</b>	<b>-</b>	<b>-</b>
Less: Impairment losses				
- third parties	(956)	(956)	-	-
	<b>89,740</b>	<b>89,014</b>	<b>-</b>	<b>-</b>

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Other receivables</b>				
Amounts owing by subsidiaries	-	-	<b>6,527</b>	4,006
Other receivables	<b>3,256</b>	4	<b>1</b>	1
Staff loans	<b>53</b>	65	-	-
Deposits	<b>314</b>	1,303	-	-
	<b>3,623</b>	1,372	<b>6,528</b>	4,007
Loans and receivables	<b>93,363</b>	90,386	<b>6,528</b>	4,007
Prepayments	<b>1,833</b>	1,458	-	-
	<b>95,196</b>	91,844	<b>6,528</b>	4,007

- (a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 150 days (2016: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by a related party is due from Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain Directors have financial interests. Amount owing by a related party is non-interest bearing and credit terms range from 60 to 90 days (2016: 60 to 90 days).
- (d) Amounts owing by subsidiaries represent non-trade transactions, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (e) Included in other receivables of the Group is an amount of RM3,256,000 (2016: Nil) are cash consideration of RMB5,000,000 (equivalent to RM3,252,000) for the disposal of investment in a joint venture by a wholly owned subsidiary of the Company, Three-A Food Industries (M) Sdn. Bhd. to a related party, Yihai Kerry Investments Co. Ltd. as disclosed in Note 8(d) to the financial statement. The amount had been fully settled in February 2018.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	88,649	86,383
Past due and not impaired		
1 month past due not impaired	1,082	1,292
2 months past due not impaired	5	633
3 months past due not impaired	4	272
4 months past due not impaired	-	253
More than 5 months past due not impaired	-	181
Past due and not impaired	1,091	2,631
Past due and impaired	956	956
	<b>90,696</b>	<b>89,970</b>

### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy trade receivables with good payment records with the Group. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

### Receivables that are past due but not impaired

Trade receivables that are past due but not impaired mainly arose from active corporate customers with healthy business relationship, in which the Group is of the view that the amounts are recoverable based on past payment history. Trade receivables of the Group that are past due but not impaired are unsecured in nature.

The Group closely monitors the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

### Receivables that are past due and impaired

Trade receivables of the Group that are past due and individually impaired at the end of each reporting period are as follows:

	Individually impaired	
	2017 RM'000	2016 RM'000
Trade receivables, gross	956	956
Less: Impairment loss	(956)	(956)
	-	-

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(g) The reconciliation of movement in the impairment loss are as follows:

	Group	
	2017	2016
	RM'000	RM'000
<b>Trade receivables</b>		
At 1 January/31 December	<u>956</u>	<u>956</u>

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Management specifically analyses historical bad debt, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(h) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the reporting date are as follows:

	2017		2016	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	<b>65,094</b>	<b>73%</b>	50,351	57%
Singapore	<b>2,153</b>	<b>2%</b>	1,916	2%
Other foreign countries	<b>22,493</b>	<b>25%</b>	36,747	41%
	<b>89,740</b>	<b>100%</b>	89,014	100%

At the end of each reporting period, approximately 50% (2016: 51%) of the trade receivables of the Group were due from ten (10) (2016: 10) major customers.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial institutions.

The Company does not have any significant concentration of credit risk other than the amounts owing by subsidiaries, which constitutes 99.99% (2016: 99.99%) of total receivables of the Company as at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) The currency exposure profiles of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	65,465	51,712	6,528	4,007
United States Dollar	22,493	36,747	-	-
Singapore Dollar	2,153	1,916	-	-
Chinese Renminbi	3,252	-	-	-
Euro	-	11	-	-
	<b>93,363</b>	<b>90,386</b>	<b>6,528</b>	<b>4,007</b>

(j) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- United States Dollar	513	838	-	-
- Singapore Dollar	49	44	-	-
- Chinese Renminbi	74	-	-	-

Sensitivity of other foreign currency is not disclosed as it is not significant to the Group.

## 11. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	4,167	13,714	97	78
Deposits with licensed banks	-	15,000	-	-
Placement in funds	42,846	-	15,977	-
Total cash and bank balances	<b>47,013</b>	<b>28,714</b>	<b>16,074</b>	<b>78</b>

## 11. CASH AND BANK BALANCES (CONTINUED)

(a) The weighted average effective interest rates of the Group and of the Company at the reporting date were as follows:

	Group		Company	
	2017	2016	2017	2016
<b>Weighted average effective interest rate (%)</b>				
<b>Deposits with licensed banks</b>				
- Fixed rates	-	2.95%	-	-
<b>Placement in funds</b>				
- Floating rates	3.56%	-	3.56%	-

(b) In the previous financial year, deposits of the Group had a range of maturity period of 7 days to 10 days.

(c) Sensitivity analysis of interest rate at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates and effects of floating rate instruments are not significant to the Group and the Company.

(d) The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	46,802	17,390	16,074	78
United States Dollar	162	11,289	-	-
Singapore Dollar	45	31	-	-
Indonesian Rupiah	2	2	-	-
Philippine Peso	2	2	-	-
	<b>47,013</b>	<b>28,714</b>	<b>16,074</b>	<b>78</b>

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Effects of 3% changes to RM against foreign currency</b>		
Profit after tax		
- United States Dollar	4	257

Sensitivity of other foreign currencies are not disclosed as they are not significant to the Group.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 11. CASH AND BANK BALANCES (CONTINUED)

- (f) Placement in funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia and are redeemable with one (1) day notice. These funds are subject to an insignificant risk of changes in value and form part of cash and cash equivalents. Funds distribution income from these funds is tax-exempted, is calculated daily and distributed at every month end.

## 12. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares (‘000)	RM’000	Number of shares (‘000)	RM’000
<b>Issued and fully paid</b>				
At beginning of financial year	393,600	78,720	393,600	78,720
Issued during the financial year pursuant to bonus issue	98,400	19,680	-	-
At end of financial year	<b>492,000</b>	<b>98,400</b>	393,600	78,720

During the financial year, the Company increased its issued and paid-up share capital from RM78,720,003 to RM98,400,002 by way of issuance of 98,399,991 bonus shares on the basis of one (1) bonus share for every four (4) existing ordinary shares each held in the Company.

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

Companies Act 2016 (‘CA2016’) has come into effect on 31 January 2017. Following the adoption of CA2016 the share premium account will now be merged with the Company’s share capital. Notwithstanding that, Section 618 of CA2016 provides a transitional period of twenty four (24) months to utilise the amount in the share premium account. Therefore, the Company has not consolidated the share premium into share capital until the expiry of the transitional period.

### 13. RESERVES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-distributable</b>				
Share premium	50,687	70,367	50,687	70,367
Exchange translation reserve	-	2,911	-	-
	<b>50,687</b>	73,278	<b>50,687</b>	70,367
<b>Distributable</b>				
Retained earnings	160,228	127,437	24,765	32,665
	<b>210,915</b>	200,715	<b>75,452</b>	103,032

#### Exchange translation reserve

The exchange translation reserve was used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies were different from that of the presentation currency of the Group. It was also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item was denominated in either the functional currency of the reporting entity or the foreign operation.

### 14. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2017 RM'000	2016 RM'000
Balance as at 1 January	14,325	14,406
Recognised in profit or loss (Note 24)	1,946	(81)
Balance as at 31 December	<b>16,271</b>	14,325

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

#### **Deferred tax assets of the Group**

	Provisions RM'000	Offsetting RM'000	Total RM'000
Balance as at 1 January 2016	(903)	903	-
Recognised in profit or loss	(637)	637	-
Balance as at 31 December 2016	(1,540)	1,540	-
Recognised in profit or loss	(677)	677	-
Balance as at 31 December 2017	<b>(2,217)</b>	<b>2,217</b>	-

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 14. DEFERRED TAX (CONTINUED)

- (b) The components and movements of deferred tax assets and liabilities of the Group during the financial year are as follows: (continued)

### Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Offsetting RM'000	Total RM'000
Balance as at 1 January 2016	15,300	9	(903)	14,406
Recognised in profit or loss	348	208	(637)	(81)
Balance as at 31 December 2016	15,648	217	(1,540)	14,325
Recognised in profit or loss	478	2,145	(677)	1,946
Balance as at 31 December 2017	<b>16,126</b>	<b>2,362</b>	<b>(2,217)</b>	<b>16,271</b>

## 15. BORROWINGS

	Group	
	2017 RM'000	2016 RM'000
<b>Non-current liabilities</b>		
Secured:		
Term loans	16,731	11,460
Hire purchase creditors (Note 16)	154	777
	<b>16,885</b>	<b>12,237</b>
<b>Current liabilities</b>		
Secured:		
Term loans	2,421	1,967
Hire purchase creditors (Note 16)	712	705
	<b>3,133</b>	<b>2,672</b>
<b>Total borrowings</b>		
Secured:		
Term loans	19,152	13,427
Hire purchase creditors (Note 16)	866	1,482
	<b>20,018</b>	<b>14,909</b>

## 15. BORROWINGS (CONTINUED)

- (a) Borrowings are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) The bank borrowings of the Group, other than hire purchase creditors are secured by the following:
- (i) fixed charges over the prepaid lease payments for land, long-term leasehold land, factory and office buildings, plant and machinery of a subsidiary as disclosed in Notes 5 and 6 to the financial statements respectively;
  - (ii) debentures over certain plant and machinery of a subsidiary;
  - (iii) negative pledge on two adjoining pieces of leasehold land of a subsidiary;
  - (iv) a corporate guarantee of RM19,152,000 (2016: RM13,427,000) by the Company; and
  - (v) letters of subordination of debts by the Company to its subsidiary.
- (c) All borrowings are denominated in RM.
- (d) The following table sets out the financial instruments not carried at fair value for which fair value is disclosed together with their carrying amount shown in the statements of financial position:

Group	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Hire purchase creditors	<b>866</b>	<b>835</b>	1,482	1,434

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (e) The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowings or leasing arrangements at the end of each reporting period.



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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## 15. BORROWINGS (CONTINUED)

- (f) The table below summarises the maturity profile of the borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31 December 2017</b>				
Term loans	3,370	17,598	1,325	22,293
Hire purchase creditors	748	156	-	904
Total undiscounted financial liabilities	<u>4,118</u>	<u>17,754</u>	<u>1,325</u>	<u>23,197</u>
<b>As at 31 December 2016</b>				
Term loans	2,686	7,542	5,771	15,999
Hire purchase creditors	784	815	-	1,599
Total undiscounted financial liabilities	<u>3,470</u>	<u>8,357</u>	<u>5,771</u>	<u>17,598</u>

- (g) The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by three hundred (300) basis points with all other variables held constant:

Profit after tax	Group	
	2017 RM'000	2016 RM'000
- increase by 3% (2016: 3%)	(313)	(442)
- decrease by 3% (2016: 3%)	<u>313</u>	<u>442</u>

## 15. BORROWINGS (CONTINUED)

(h) The following table sets out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the end of each reporting period and the remaining maturities the financial instruments of the Group that are exposed to interest rate risk:

	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>As at 31 December 2017</b>								
<u>Fixed rates</u>								
Hire purchase creditors	5.67	712	154	-	-	-	-	866
<u>Floating rate</u>								
Term loans	5.40	2,421	2,353	1,809	6,239	5,104	1,226	19,152
<b>As at 31 December 2016</b>								
<u>Fixed rates</u>								
Hire purchase creditors	5.67	705	623	154	-	-	-	1,482
<u>Floating rate</u>								
Term loans	5.75	1,967	2,089	1,558	1,322	879	5,612	13,427

## 16. HIRE PURCHASE CREDITORS

	Group	
	2017 RM'000	2016 RM'000
Minimum hire purchase and lease payments:		
- not later than one (1) year	748	784
- later than one (1) year but not later than five (5) years	156	815
Total minimum hire purchase and lease payments	904	1,599
Less: Future finance charges	(38)	(117)
Present value of hire purchase and lease payments	866	1,482
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	712	705
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	154	777
	866	1,482

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade payables</b>				
Third parties	<b>10,887</b>	12,791	-	-
<b>Other payables</b>				
Other payables	<b>6,212</b>	5,918	-	-
Accruals	<b>8,853</b>	8,473	<b>314</b>	278
	<b>15,065</b>	14,391	<b>314</b>	278
	<b>25,952</b>	27,182	<b>314</b>	278

- (a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2016: 30 to 60 days).
- (c) Included in other payables of the Group are credit purchase of property, plant and equipment amounting to RM491,000 (2016: RM901,000) as disclosed in Note 5 to the financial statements.
- (d) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	<b>24,732</b>	26,329	<b>314</b>	278
Euro	<b>174</b>	398	-	-
United States Dollar	<b>785</b>	411	-	-
Singapore Dollar	<b>90</b>	43	-	-
Japanese Yen	<b>171</b>	1	-	-
	<b>25,952</b>	27,182	<b>314</b>	278

## 17. TRADE AND OTHER PAYABLES (CONTINUED)

- (e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2017	2016
	RM'000	RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>		
Profit after tax		
- Euro	4	10
- United States Dollar	18	9
- Singapore Dollar	2	1
- Japanese Yen	4	-

- (f) The maturity profile of trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

## 18. COMMITMENTS

- (a) Operating lease commitments

The Group has entered into several tenancy agreements for the rental of warehouses, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised based on prevailing market rates. The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group	
	2017	2016
	RM'000	RM'000
Not later than one (1) year	90	169
Later than one (1) year and not later than five (5) years	68	42
	<b>158</b>	<b>211</b>

- (b) Capital commitments

	Group	
	2017	2016
	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	4,942	11,398

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 19. CONTINGENT LIABILITIES

	Company	
	2017 RM'000	2016 RM'000
Corporate guarantees given to banks for credit facilities granted to a subsidiary - secured	<b>19,152</b>	13,427

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors have assessed the financial guarantee contracts and concluded that the guarantees are unlikely to be called upon by the financial institutions as the guarantees are collateralised by fixed charges over certain properties, plant and machinery of the Group as disclosed in Notes 5 and 15 to the financial statements. Accordingly, the fair value of the above corporate guarantees is negligible.

## 20. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sale of goods	<b>411,485</b>	387,718	-	-
Dividend income from a subsidiary	-	-	<b>27,930</b>	15,960
	<b>411,485</b>	387,718	<b>27,930</b>	15,960

### (i) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

### (ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

## 21. OTHER INCOME

Included in other operating income are:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income	913	96	18	-
Gain on disposal of property, plant and equipment	-	17	-	-
Gain on disposal of a joint venture	2,547	-	-	-
Realised foreign exchange gain	-	967	-	-
Rental income	93	97	-	-
Unrealised foreign exchange gain	-	905	-	-
Other income	73	64	-	-
	<b>3,626</b>	2,146	<b>18</b>	-

## 22. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Other than those disclosed elsewhere in the financial statements, included in administrative and other operating expenses are:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange loss	1,466	-	-	-
Rental of machineries	104	76	-	-
Rental of motor vehicles	-	17	-	-
Rental of premises	265	363	-	-
Unrealised foreign exchange loss	2,352	-	-	-

## 23. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- term loans	934	556	-	-
- bankers' acceptances	-	330	-	-
- hire purchase creditors	54	240	-	-
- others	-	42	-	-
	<b>988</b>	1,168	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 24. TAX EXPENSE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax				
Current tax expense based on profit for the financial year	<b>11,933</b>	14,868	-	-
Under/(Over)-provision in prior years	<b>264</b>	(260)	-	-
	<b>12,197</b>	14,608	-	-
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences	<b>2,032</b>	(246)	-	-
(Over)/Under-provision in prior years	<b>(86)</b>	165	-	-
	<b>1,946</b>	(81)	-	-
	<b>14,143</b>	14,527	-	-

The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2016: 24%) of the estimated taxable profits for the fiscal year.

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rates of the Group and of the Company are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before tax	<b>55,790</b>	53,448	<b>956</b>	15,407
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	<b>13,390</b>	12,828	<b>229</b>	3,698
Tax effects in respect of:				
Non-allowable expenses	<b>579</b>	1,794	<b>6,478</b>	132
Non-taxable income	<b>(4)</b>	-	<b>(6,707)</b>	(3,830)
	<b>13,965</b>	14,622	-	-
Under/(Over)-provision of current tax expense in prior years	<b>264</b>	(260)	-	-
(Over)/Under-provision of deferred tax in prior years	<b>(86)</b>	165	-	-
	<b>14,143</b>	14,527	-	-

## 25. EARNINGS PER SHARE

### (a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to owners of the parent	<b>41,647</b>	38,921
Weighted average number of ordinary shares outstanding ('000)	<b>452,910</b>	452,910
Basic earnings per ordinary share (sen)	<b>9.2</b>	8.6

(b) The diluted earnings per ordinary share for the financial year is the same as the basic earnings per ordinary share for the financial year as there were no dilutive potential ordinary shares.

## 26. DIVIDENDS

	Group and Company			
	2017		2016	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Interim single tier dividend	<b>1.8</b>	<b>8,856</b>	1.8	7,085

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2017.

## 27. EMPLOYEE BENEFITS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, wages, allowances and bonuses	<b>24,887</b>	21,527	-	-
Contributions to defined contribution plan	<b>1,850</b>	1,334	-	-
Social security contributions	<b>115</b>	88	-	-
Other employee benefits	<b>296</b>	209	-	-
	<b>27,148</b>	23,158	-	-

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM6,773,000 (2016: RM6,106,000).



# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 28. RELATED PARTIES DISCLOSURES

### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationships with its subsidiaries.

The Group also has related party relationships with the following:

Seong Chan Sauce & Foodstuff Sdn. Bhd.	A company of which Fang Chew Ham and Fong Chu King @ Tong Chu King, who are Directors of the Company, have financial interests.
Three-A (Qinhuangdao) Food Industries Co. Ltd.	A subsidiary of a significant corporate shareholder.

### (b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Sale of products				
- Seong Chan Sauce & Foodstuff Sdn. Bhd.	1,150	945	-	-
- Three-A (Qinhuangdao) Food Industries Co. Ltd.	11	597	-	-
Dividend income from a subsidiary				
- San Soon Seng Food Industries Sdn. Bhd.	-	-	27,930	15,960
Purchase of products from				
- Three-A (Qinhuangdao) Food Industries Co. Ltd.	2,533	-	-	-

The related party transactions described above were carried out on negotiated terms and conditions in the ordinary course of business between the related parties and the Company.

Information regarding outstanding balances arising from related party transactions as at 31 December 2017 is disclosed in Notes 10 and 17 to the financial statements.

## 28. RELATED PARTIES DISCLOSURES (CONTINUED)

### (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Executive Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	<b>6,842</b>	6,174	-	-
Contributions to defined contribution plan	<b>586</b>	531	-	-
	<b>7,428</b>	6,705	-	-

## 29. CAPITAL MANAGEMENT

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 31 December 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 DECEMBER 2017

## 29. CAPITAL MANAGEMENT (CONTINUED)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowings	20,018	14,909	-	-
Trade and other payables	25,952	27,182	314	278
Total liabilities	45,970	42,091	314	278
Less:				
Cash and bank balances	(47,013)	(28,714)	(16,074)	(78)
Net (cash)/debt	(1,043)	13,377	(15,760)	200
Total equity	309,315	279,435	173,852	181,752
Net (cash)/debt	(1,043)	13,377	(15,760)	200
	308,272	292,812	158,092	181,952
Gearing ratio (%)	-	5	-	#

# Less than 1%.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement during the financial year ended 31 December 2017.

The Group is not subject to any other external imposed capital requirements.

## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

### 30.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

### 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

#### 30.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements, except for MFRS 9 and MFRS 15.

The Group and the Company are currently finalising the adjustments upon adoption of MFRS 9 and MFRS 15.

### 31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 5 September 2017, Three-A Food Industries (M) Sdn. Bhd., a wholly owned subsidiary of the Company, proposed to dispose its interest in the investment in a joint venture, Three-A (Qinhuangdao) Food Industries Co. Ltd. for a cash consideration of RMB5,000,000 (equivalent to approximately RM3,252,000). The disposal was completed on 1 December 2017 and resulted in a gain on disposal of RM2,547,000.

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

Issued and Paid-Up Share Capital : RM98,400,002 divided into 492,000,010 Ordinary Shares  
 Class of Shares : Ordinary Share  
 Voting Rights : One (1) Voting Right per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Shareholders (%)	No. of Shareholdings	Shareholdings (%)
Less than 100	198	4.55	8,268	0.00
100 – 1,000	380	8.73	153,472	0.03
1,001 – 10,000	2,026	46.54	10,268,006	2.09
10,001 – 100,000	1,457	33.47	44,881,114	9.12
100,001 – 24,599,999 *	290	6.66	258,939,150	52.63
24,600,000 and above **	2	0.05	177,750,000	36.13
<b>Total</b>	<b>4,353</b>	<b>100.00</b>	<b>492,000,010</b>	<b>100.00</b>

\* Less than 5% of Issued Holdings

\*\* 5% and above of Issued Holdings

## LIST OF TOP THIRTY (30) SHAREHOLDERS

Name of Shareholders	No. of Shareholdings	Shareholdings (%)
1 Fang Chew Ham Holdings Sdn. Bhd.	100,750,000	20.48
2 Wilmar International Limited	77,000,000	15.65
3 UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	22,247,100	4.52
4 Teo Kwee Hock	21,964,250	4.46
5 DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	16,915,875	3.44
6 Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	15,255,350	3.10
7 Foong Chiew Fatt	15,218,825	3.09
8 Fong Chu King @ Tong Chu King	13,687,500	2.78
9 Fong Chiew Hean	12,500,000	2.54
10 Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Apex Dana Al-Sofi-I (ADAS-I)	6,289,800	1.28
11 Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	4,563,175	0.93
12 RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Fong Siling (CEB)	3,538,000	0.72
13 Tan Booi Charn	3,375,000	0.69
14 Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yoong Fui Kien	3,116,000	0.63
15 Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Apex Dana Al-Faiz-I (ADAF-I)	3,056,625	0.62

## LIST OF TOP THIRTY (30) SHAREHOLDERS (CONTINUED)

	<b>Name of Shareholders</b>	<b>No. of Shareholdings</b>	<b>Shareholdings (%)</b>
16	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Faai @ Ng Yoke Pei (SRB/PMS)	2,793,625	0.57
17	Fong Chiew Hean	2,367,200	0.48
18	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Progress Fund	2,086,875	0.42
19	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan How Yap	2,000,000	0.41
20	Chan Chu Wei	1,978,750	0.40
21	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund	1,893,000	0.38
22	Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheong Siew Chyuan	1,875,000	0.38
23	T.B.R Shopping Centre (M) Sdn. Bhd.	1,875,000	0.38
24	Chan Chai Bee	1,864,950	0.38
25	Chan Seong Kun	1,699,800	0.35
26	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,610,250	0.33
27	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Dato' Sri Tan How Yap	1,600,000	0.33
28	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Boon Seong (E-SRB)	1,551,250	0.32
29	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Boon Thiam (E-SRB)	1,532,000	0.31
30	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ah Chai (E-SRB)	1,501,500	0.31
	<b>TOTAL</b>	<b>347,706,700</b>	<b>70.68</b>

## SUBSTANTIAL SHAREHOLDERS

	<b>Direct Interest</b>	<b>(%)</b>	<b>Direct Interest</b>	<b>(%)</b>
Wilmar International Limited	77,000,000	15.65	-	-
Fang Chew Ham Holdings Sdn. Bhd.	100,750,000	20.48	1,377,600 <sup>1</sup>	0.28
Fang Chew Ham	-	-	102,127,600 <sup>2</sup>	20.76
Fang Siew Yee	-	-	102,127,600 <sup>2</sup>	20.76

Notes:

<sup>1</sup> Deemed interest through Seong Chan Sauce & Foodstuff Sdn. Bhd. pursuant to Section 8 of the Act.

<sup>2</sup> Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd. (100,750,000 ordinary shares) and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,377,600 ordinary shares) pursuant to Section 8 of the Act.

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

## DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shareholdings	Shareholdings (%)	No. of Shareholdings	Shareholdings (%)
Dato' Mohd Nor Bin Abdul Wahid	547,500	0.11	-	-
Fang Chew Ham	-	-	102,127,600 <sup>1</sup>	20.76
Fong Chu King @ Tong Chu King	13,687,500	2.78	1,514,975 <sup>2</sup>	0.31
Chew Eng Chai	200,000	0.04	8,750 <sup>3</sup>	negligible
Tan Chon Sing @ Tan Kim Tieng	-	-	3,297,500 <sup>4</sup>	0.67
Fang Siew Yee	-	-	102,127,600 <sup>1</sup>	20.76
Mohd Zaki Bin Hamzah	625,000	0.13	-	-
Khoo Wee Boon	-	-	-	-
Loo Cheau Leong	-	-	-	-
Gurpreet Singh Vohra	-	-	-	-
Liew Kuo Shin (Alternate Director)	125,000	0.03	-	-
Fang Siew Ping (Alternate Director)	-	-	-	-

Note:

- <sup>1</sup> Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd. (100,750,000 ordinary shares) and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,377,600 ordinary shares) pursuant to Section 8 of the Companies Act 2016 ("the Act").
- <sup>2</sup> Indirect interest via shareholdings of his son Fong Peng Fai (137,375 ordinary shares) pursuant to Section 59 (11) (C) of the Act, and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,377,600 ordinary shares) pursuant to Section 8 of the Act.
- <sup>3</sup> Indirect interest via shareholdings of his spouse, Lim Tong Lean pursuant to Section 59 (11) (C) of the Act.
- <sup>4</sup> Indirect interest via shareholdings of his spouse, Ng Faai @ Ng Yoke Pei pursuant to section 59 (11) (C) of the Act.

# ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

## 1. Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

## 2. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors and a firm affiliated to the External Auditors' by the Company and Group for the financial year ended 31 December 2017 are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	42	135
Non-Audit Fees	8	8
<b>Total</b>	<b>50</b>	<b>143</b>

## 3. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary involving the interests of the Directors and major shareholders.

## 4. Related Party Transactions of a Revenue / Trading Nature ("RRPT")

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions transacted during the financial year ended 31 December 2017 pursuant to the shareholders' mandate were as follows:-

Related Party	Interested Directors/ Major shareholders/ Persons connected	Nature of Transactions	Value of Transactions
Seong Chan Sauce & Foodstuff Sdn. Bhd. ("Seong Chan")	Fang Chew Ham Fong Chu King @ Tong Chu King Fang Siew Yee Fang Siew Ping Foong Chiew Fatt Fong Chiew Hean Liew Kuo Shin Fang Chew Ham Holdings Sdn. Bhd.	Sales of finished products goods by San Soon Seng Food Industries Sdn. Bhd. ("SSSFI") to Seong Chan	RM1,149,945
Three-A (Qinhuangdao) Food Industries Co. Ltd. ("TA(Q)")	Yihai Kerry Investment Ltd. Wilmar International Ltd. Gurpreet Singh Vohra Loo Chau Leong	Sales of Caramel sauce by SSSFI to TA(Q)   Purchase of products by SSSFI from TA(Q)	RM10,855   RM2,533,056

The RRPT are subject to the following:-

- The provision of the products to the related parties are based on fixed price quoted to all customers or classes of customers.
- The price of charges in the provision of products by the Company is no lower than the prevailing market prices.

The material terms of such RRPT are applied consistently to all classes of customers of in respect of such RRPT. There is no preferred treatment accorded to the related parties.



## PARTICULARS OF PROPERTIES HELD BY THE GROUP

<b>Location</b>	Title No. PM 472 Lot 4196 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 57895 Lot 53150 (Lot 585 & 586) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing Use</b>	Office Building Production Factory Warehouse	Office Building Production Factory Warehouse	Production Factory Warehouse
<b>Types of Land</b>	Industrial Land	Industrial Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	52 years (30 May 2070)	84 years (03 Jul 2102)	84 years (03 Jul 2102)
<b>Age of Property</b>	22 years	41 years	13 years
<b>Land Area (Sq. Feet)</b>	110,976	34,950	93,032
<b>Cost (RM'000)</b>	15,170	4,404	8,768
<b>Net Book Value as at 31 Dec 2017 (RM'000)</b>	11,196	3,037	6,883
<b>Date of Acquisition</b>	03 Oct 1995	03 Jan 1997	19 May 1997
<b>Year of Last Revaluation</b>	2003	2003	2003

<b>Location</b>	Title No. H.S.(M) 4098 PT 2317 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 4651 PT 5938 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 3999 PT Lot 584 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing Use</b>	Warehouse	Warehouse	Production Factory
<b>Type of Land</b>	Residential Land	Residential Land	Industrial Land
<b>Tenure</b>	Leasehold 60 years	Leasehold 60 years	Leasehold 60 years
<b>Remaining Lease Period (Expiry Date)</b>	24 years (22 Jun 2042)	28 years (26 Jun 2046)	23 years (24 May 2041)
<b>Age of Property</b>	19 years	19 years	10 years
<b>Land Area (Sq. Feet)</b>	8,168	6,806	46,005
<b>Cost (RM'000)</b>	577	874	5,405
<b>Net Book Value as at 31 Dec 2017 (RM'000)</b>	361	548	4,225
<b>Date of Acquisition</b>	27 May 1997	31 Mar 1998	23 Aug 2004
<b>Year of Last Revaluation</b>	2003	2003	2010

<b>Location</b>	Title No. H.S.(M) 11086 PT Lot 66 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 264602 PT 12294 (Lot 589) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9078 PT 669 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing Use</b>	Warehouse	Production Factory	Hostel
<b>Type of Land</b>	Industrial Land	Industrial Land	Residential Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 60 years	Leasehold 60 years
<b>Remaining Lease Period (Expiry Date)</b>	52 years (30 May 2070)	52 years (25 Jul 2070)	36 years (19 Jul 2054)
<b>Age of Property</b>	8 years	7 years	8 years
<b>Land Area (Sq. Feet)</b>	87,123	43,560	7,631
<b>Cost (RM'000)</b>	7,285	6,067	681
<b>Net Book Value as at 31 Dec 2017 (RM'000)</b>	6,161	5,067	566
<b>Date of Acquisition</b>	05 Dec 2005	13 Feb 2008	07 Apr 2009
<b>Year of Last Revaluation</b>	2009	2008	2009

<b>Location</b>	Title No. H.S.(M) 9111 PT 27687 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 67417 Lot 2306 Jalan Welfare, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 14513 PT 12493 (Lot 9107 & Lot 9108) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing Use</b>	Vacant	Hostel	Production Factory / Warehouse
<b>Type of Land</b>	Industrial Land	Residential Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 60 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	75 years (22 Sep 2093)	47 years (17 Jul 2065)	75 years (22 Sep 2093)
<b>Age of Property</b>	-	8 years	14 years (Lot 9108) 7 years (Lot 9107)
<b>Land Area (Sq. Feet)</b>	42,281	7,535	103,570
<b>Cost (RM'000)</b>	967	1,016	19,249
<b>Net Book Value as at 31 Dec 2017 (RM'000)</b>	883	873	17,072
<b>Date of Acquisition</b>	10 Dec 2009	11 Jan 2010	26 Mar 2010 (Lot 9108) 09 Oct 2009 (Lot 9107)
<b>Year of Last Revaluation</b>	-	-	2010

## PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONTINUED)

<b>Location</b>	Title No. H.S.(D) 288090 PT 847 Jln Khalifah Zakaria 2, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 261056 PT 12202 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 315850 PT 848 Jln Khalifah Zakaria 2, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing Use</b>	Warehouse	Hostel	Warehouse
<b>Type of Land</b>	Industrial Land	Residential Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	94 years (15 Jan 2112)	90 years (21 Dec 2108)	97 years (10 Aug 2115)
<b>Age of Property</b>	2 years	6 years	-
<b>Land Area (Sq. Feet)</b>	80,848	7,623	81,128
<b>Cost (RM'000)</b>	10,199	1,025	12,905
<b>Net Book Value as at 31 Dec 2017 (RM'000)</b>	9,463	922	11,842
<b>Date of Acquisition</b>	30 Apr 2010	12 Apr 2011	03 Dec 2012
<b>Year of Last Revaluation</b>	2010	-	2013

<b>Location</b>	Title No. PM 3855 Lot 582 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9109 PT 27685 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. HSD 295891 PT 583 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing Use</b>	Warehouse	Warehouse	Vacant
<b>Type of Land</b>	Industrial Land	Industrial Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	96 years (05 Oct 2114)	75 years (22 Sep 2093)	94 years (30 Dec 2112)
<b>Age of Property</b>	1 year	-	-
<b>Land Area (Sq. Feet)</b>	46,005	48,265	47,641
<b>Cost (RM'000)</b>	7,883	4,109	7,507
<b>Net Book Value as at 31 Dec 2017 (RM'000)</b>	7,809	4,051	7,474
<b>Date of Acquisition</b>	17 Sep 2015	17 Sep 2015	24 Feb 2017
<b>Year of Last Revaluation</b>	2015	2015	2017

<b>Location</b>	Title No. HSM 12526 PT 64 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing Use</b>	Vacant
<b>Type of Land</b>	Industrial Land
<b>Tenure</b>	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	52 years (30 May 2070)
<b>Age of Property</b>	-
<b>Land Area (Sq. Feet)</b>	87,123
<b>Cost (RM'000)</b>	9,556
<b>Net Book Value as at 31 Dec 2017 (RM'000)</b>	9,451
<b>Date of Acquisition</b>	03 Jan 2017
<b>Year of Last Revaluation</b>	2017

# NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixteenth Annual General Meeting of the Company will be held at Ballroom, Level 1, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 25 June 2018 at 11.00 a.m for the following purposes:-

## **AGENDA**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. **(Please see Note 2)**
  
2. To approve the following payments to Directors:- **(Please see Note 3)**
  - (i) Fees of RM243,000 for the financial year ended 31 December 2017. **(Resolution 1)**
  - (ii) Benefits of RM288,000 for financial year ending 31 December 2018. **(Resolution 2)**
  
3. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles of Association:- **(Please see Note 4)**
  - (i) Mr. Chew Eng Chai; **(Resolution 3)**
  - (ii) Encik Mohd Zaki bin Hamzah; and **(Resolution 4)**
  - (iii) Dato Mohd Nor bin Abdul Wahid. **(Resolution 5)**
  
4. To re-elect the the following Directors pursuant to Article 93 of the Company's Articles of Association:- **(Please see Note 4)**
  - (i) Mr. Gurpreet Singh Vohra; and **(Resolution 6)**
  - (ii) Mr. Loo Cheau Leong. **(Resolution 7)**
  
5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**  
**(Please see Note 5)**

## **AS SPECIAL BUSINESS**

To consider and if thought fit, to pass, with or without modifications, the following resolutions:-

6. **ORDINARY RESOLUTION** **(Please see Note 6)**  
**AUTHORITY TO ALLOT AND ISSUE SHARES**  

"THAT subject always to the Companies Act 2016 ("the Act"), the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

**(Resolution 9)**

7. **ORDINARY RESOLUTION  
PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY THE COMPANY**

(Please see Note 7)

"THAT, subject always to the Companies Act 2016 ("Act"), the Articles of Association of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements of Bursa Securities ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

**(Resolution 10)**

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for purchasing the shares shall not exceed the Company's audited retained profits at the time of purchase(s); and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or to deal with the treasury shares in any other manners as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force.

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this Ordinary Resolution and will continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following at which time the authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase(s) with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and with the fullest power to do all such acts and thing thereafter in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the requirements and/ or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/ or regulatory authorities."

# NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING (CONTINUED)

## 8. ORDINARY RESOLUTION PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

(Please see Note 8)

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to Shareholders dated 27 April 2018, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Shareholders' Mandate").

(Resolution 11)

THAT the Proposed Shareholders' Mandate shall only continue to be in full force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate."

## 9. ORDINARY RESOLUTIONS CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

(Please see Note 9)

(i) "THAT subject to the passing of Resolution 4 above, approval be and is hereby given to Encik Mohd Zaki bin Hamzah who has served as an Independent Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company."

(Resolution 12)

(ii) "THAT approval be and is hereby given to Mr. Tan Chon Sing @ Tan Kim Tieng who has served as an Independent Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company."

(Resolution 13)

(iii) "THAT subject to the passing of Resolution 3 above, approval be and is hereby given to Mr. Chew Eng Chai who has served as an Independent Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company."

(Resolution 14)

(iv) "THAT approval be and is hereby given to Mr. Khoo Wee Boon who has served as an Independent Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company."

(Resolution 15)

10. To consider any other business of which due notice shall have been given.

By Order of the Board,

**WONG WAI FOONG (MAICSA 7001358)**

**NG BEE LIAN (MAICSA 7041392)**

**YAP SIT LEE (MAICSA 7028098)**

Company Secretaries

Kuala Lumpur

27 April 2018

**NOTES:-**

**1. APPOINTMENT OF PROXY**

- a) A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
- b) To be valid, 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 Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for the Meeting or any adjournment thereof.
- c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.
- d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.
- e) Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- f) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- g) Only members whose name appear in the Record of Depositors as at 18 June 2018 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

**2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

The Audited Financial Statements are laid in accordance with Section 340(1) of the Companies Act 2016 for discussion only. They do not require shareholders' approval and hence, will not be put forward for voting by shareholders of the Company.



# NOTICE OF SIXTEENTH ANNUAL GENERAL MEETING (CONTINUED)

## 3. PAYMENT OF DIRECTORS' FEES AND BENEFITS

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors shall be approved at a general meeting.

The proposed Resolutions 1 and 2 are to facilitate the payment of Directors' fees and benefits to Non-Executive Directors.

## 4. RE-ELECTION OF DIRECTORS

The following Directors who are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Sixteenth Annual General Meeting:-

- (i) Mr. Chew Eng Chai;
- (ii) Encik Mohd Zaki bin Hamzah;
- (iii) Dato Mohd Nor bin Abdul Wahid;
- (iv) Mr. Gurpreet Singh Vohra; and
- (v) Mr. Loo Cheau Leong.

The Board has through the Nomination Committee, assessed the said Directors and recommended for their re-election.

The Board has also through the Nomination Committee assessed the independence of Mr. Chew Eng Chai, Encik Mohd Zaki bin Hamzah and Dato Mohd Nor bin Abdul Wahid and satisfied that they have complied with the criteria on independence as prescribed by the Main Market Listing Requirements of Bursa Securities.

## 5. RE-APPOINTMENT OF AUDITORS

The Audit Committee had at its meeting held on 20 February 2018 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs BDO as External Auditors of the Company for the financial year ending 31 December 2018. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same be tabled to the shareholders for approval at the forthcoming Sixteenth Annual General Meeting of the Company under Resolution 8.

## 6. AUTHORITY TO ALLOT AND ISSUE SHARES

The proposed Resolution 9 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Fifteenth Annual General Meeting held on 11 May 2017 as there were no requirements for such fund raising activities.

The proposed Resolution 9, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

## 7. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES BY THE COMPANY

The proposed Resolution 10, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 27 April 2018 in relation to the Proposed Renewal of Authority for the Company to Purchase its own Shares by the Company for further details.

## **8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The proposed Resolution 11, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms which are not detrimental to the interest of the minority shareholders.

Please refer to the Circular to Shareholders dated 27 April 2018 for further information.

## **9. CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS**

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Encik Mohd Zaki Bin Hamzah was appointed to the Board on 9 January 2007 as an Independent Director and has therefore served for more than nine (9) years.

Mr. Tan Chon Sing @ Tan Kim Tieng and Mr. Chew Eng Chai were appointed to the Board on 17 June 2002 as Independent Directors while Mr. Khoo Wee Boon was appointed to the Board on 27 September 2004 as Independent Director. They have therefore served for more than twelve (12) years.

The Board has through the Nomination Committee assessed the independence of Mr. Tan Chon Sing @ Tan Kim Tieng, Mr. Chew Eng Chai, Mr. Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah and recommended them to continue to act as Independent Directors of the Company based on the following justifications:-

- (i) they have fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgment to the Board;
- (ii) they have been with the Company for many years and are familiar with the Company's business operations and the food manufacturing industry, thus enabling them to contribute actively and effectively during deliberations or discussions at Board meetings;
- (iii) their length of services on the Board does not in any way interfere with their exercise of independent judgement. They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees;
- (iv) their vast experience in finance, manufacturing industry and securities market enable them to provide the Board, as the case may be, with pertinent expertise, skills and competence;
- (v) they have continued to exercise their independence and due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their duties in the interest of the Company and shareholders; and
- (vi) they have devoted sufficient time and commitment to discharge their responsibilities as Independent Directors.

The proposed Resolution 12, 13 14 and 15, if passed, will enable Mr. Tan Chon Sing @ Tan Kim Tieng, Mr. Chew Eng Chai, Mr. Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah to continue to act as Independent Directors of the Company.

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# PROXY FORM

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

I/We .....  
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No. .... of .....

(FULL ADDRESS)

being a \*Member/Members of **THREE-A RESOURCES BERHAD** hereby appoint :

(1) ..... NRIC No. ....  
(FULL NAME OF PROXY IN BLOCK LETTERS)

of .....  
(FULL ADDRESS) (NO. SHARES REPRESENTED)

or failing him (2) ..... NRIC No. ....  
(FULL NAME OF PROXY IN BLOCK LETTERS)

of .....  
(FULL ADDRESS) (NO. SHARES REPRESENTED)

or failing \*him/her, the \*Chairman of the meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf, at the Sixteenth Annual General Meeting of the Company to be held at Ballroom, Level 1, Tropicana Golf and Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Monday, 25 June 2018 at 11.00 a.m and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Directors' Fees of RM243,000 for the financial year ended 31 December 2017		
2	To approve the payment of Directors' benefits of up to RM288,000 for the financial year ending 31 December 2018		
3	To re-elect Mr. Chew Eng Chai as Director		
4	To re-elect Encik Mohd Zaki bin Hamzah as Director		
5	To re-elect Dato Mohd Nor bin Abdul Wahid as Director		
6	To re-elect Mr. Gurpreet Singh Vohra as Director		
7	To re-elect Mr. Loo Cheau Leong as Director		
8	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
9	To grant authority to allot and issue shares		
10	To approve the Proposed Renewal of Authority to Purchase its own Shares by the Company		
11	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
12	To approve Encik Mohd Zaki bin Hamzah to continue to act as an Independent Director		
13	To approve Mr. Tan Chon Sing @ Tan Kim Tieng to continue to act as an Independent Director		
14	To approve Mr. Chew Eng Chai to continue to act as an Independent Director		
15	To approve Mr. Khoo Wee Boon to continue to act as an Independent Director		

*(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)*

\* Strike out whichever not applicable

As witness my/our hand(s) this ..... day of ..... 2018

.....  
 Signature of Member(s) /Common Seal  
 Contact Number:

<b>CDS Account No.:</b>
<b>Number of shares held:</b>
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

**Notes:**

- a) A proxy may but need not be a member of the Company. There is no restriction as to the qualification of the proxy.
- b) To be valid, 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 Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for the Meeting or any adjournment thereof.
- c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to credit of the said securities account.
- d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominees may appoint in respect of each omnibus account it holds.
- e) Where a member or the authorised nominee appoints two (2) proxies or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- f) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- g) Only members whose name appear in the Record of Depositors as at 18 June 2018 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

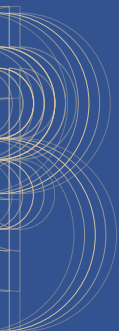
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**THREE-A RESOURCES BERHAD**  
**(Company No. 481559-M)**

AL 308, Lot 590 & Lot 4196  
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Selangor Darul Ehsan  
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