



THREE-A RESOURCES BERHAD

481559-M

Incorporated in Malaysia

GROWING
STEADILY
INTO THE

FUTURE

ANNUAL REPORT 2016

TABLE OF CONTENTS

Corporate Profile	2
Corporate Information	3
Profile of Board of Directors and Key Senior Management	4
Five-Year Group Financial Highlights	10
Letter to Stakeholders and Management Discussion & Analysis	11
Financial Calendar	15
Corporate Social Responsibility (CSR)	18
Corporate Governance Statement	20
Statement on Risk Management and Internal Control	33
Audit Committee Report	35
Financial Statements	39
Particulars of Properties Held by the Group	85
Analysis of Shareholdings	88
Bursa Securities Listing Requirements Compliance Information	91
Notice of Fifteenth Annual General Meeting	92
Statement Accompanying Notice of Annual General Meeting	98
Proxy Form	



Growing Steadily into the Future

The overlapping typography in this report cover frames the focus on 3A's future-focused growth strategy. We are strengthening our presence and position in the marketplace by constantly improving and delivering high quality products that meet the changing needs of our customers, ensuring the steady growth of 3A well into the future.

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

**Kwek Ju-Yang, Mark
(Guo Zuyang, Mark)**
Non-Independent Non-Executive Director
(Alternate Director: Sun Yi-Ling (Sun Yining))

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 Number
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

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
64 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 a 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. 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 four Board Meetings held during the financial year ended 31 December 2016. 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
69 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..

Mr. Fang Chew Ham started the business producing Caramel Colour for more than 30 years ago. 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 four Board Meetings held during the financial year ended 31 December 2016. 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
72 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..

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 Mins 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 four Board Meetings held during the financial year ended 31 December 2016. 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
67 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 four Board Meetings held during the financial year ended 31 December 2016. 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
78 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 four Board Meetings held during the financial year ended 31 December 2016. 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
37 years of age, Malaysian, Female*

Ms. Fang Siew Yee was appointed to the Board of the Company on 03 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 a Senior Manager of the Company.

Ms. Fang Siew Yee has attended all four Board Meetings held during the financial year ended 31 December 2016. 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
68 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 and had on 5 May 2016 appointed as a member of Audit 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 four Board Meetings held during the financial year ended 31 December 2016. 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
59 years of age, Malaysian, Male*

Mr. Mohd Zaki Bin Hamzah was appointed to the Board of the Company on 09 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 three out of four Board

Meetings held during the financial year ended 31 December 2016. 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. KWEK JU-YANG, MARK (GUO ZUYONG, MARK)

*Non-Independent Non-Executive Director
36 years of age, Singaporean, Male*

Mr. Kwek Ju-Yang, Mark (Guo Zuyong, Mark) was re-appointed to the Board of the Company on 01 October 2013 and serves as a Non-Independent Non-Executive Director of the Company. He had served as an Alternate Director to Ms. Sun Yi-Ling (Sun Yining) since 25 April 2012 and had resigned on 01 October 2013.

Mr. Kwek Ju-Yang, Mark (Guo Zuyong, Mark) graduated with a BA in Politics,

Philosophy and Economics from the University of Pennsylvania (Summa Cum Laude). He was previously with Bain & Company, a global strategy consulting firm from 2006 to 2009. He is currently attached to Wilmar International Limited's Business Development Division since 2009.

Mr. Kwek Ju-Yang, Mark (Guo Zuyang, Mark) has attended two out of four Board Meetings held during

the financial year ended 31 December 2016. 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. SUN YOU NING

*Non-Independent Non-Executive Director
34 years of age, Singaporean, Male*

Mr. Sun You Ning was appointed to the Board of the Company on 18 November 2014 and serves as a Non-Independent Non-Executive Director of the Company.

Mr. Sun You Ning graduated with a BA in Economics from Pomona College. He holds a Masters of Business Administration from Harvard Business School and passed Level III of the CFA Program. He previously worked at Goldman, Sachs & Co. as an Analyst

in Investment Banking Division from 2007 to 2008. He worked at The Blackstone Group as an Analyst in the Corporate Private Equity Group from 2008 to 2010. In 2012, he was an analyst at Angel Island Partners. He is currently attached to Wilmar International Limited's Investment Division since 2012.

Mr. Sun You Ning has attended all four Board Meetings held during the financial year ended 31 December

2016. 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. Sun You Ning is the sibling of Alternate Director Ms. Sun Yi-Ling (Sun Yining).

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (continued)

MR. LIEW KUO SHIN

*Alternate Director to Non-Independent Executive Director, Mr. Fong Chu King @ Tong Chu King
39 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 is 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
35 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.

MS. SUN YI-LING (SUN YINING)

*Alternate Director to Non-Independent Non-Executive Director Mr. Kwek Ju-Yang, Mark (Guo Zuyang, Mark)
40 years of age, Singaporean, Female*

Ms. Sun Yi-Ling (Sun Yining) was re-appointed to the Board of the Company on 01 October 2013 and serves as an Alternate Director to Non-Independent Non-Executive Director Mr. Kwek Ju-Yang, Mark (Guo Zuyang, Mark) of the Company. She had served as a Non-Independent Non-Executive Director since 16 November 2009 and resigned on 01 October 2013.

Ms. Sun Yi-Ling (Sun Yining) graduated with a Bachelor of Science in Economics (First Class Honours) from The London School of Economics and Political Science. She also holds a Masters of Business Administration from Harvard Business School. She was previously with Bain & Company, a global strategy consulting firm from 1998 to 2008. She joined Wilmar International Limited's Business Division in 2008 and is now the Group Head of Human Resources in Wilmar International Limited.

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. Sun Yi-Ling (Sun Yining) is the sibling of Non-Independent Non-Executive Director Mr. Sun You Ning.

MR. FONG PENG FAI

*Group Financial Controller / Key Senior Management
40 years of age, Malaysian, Male*

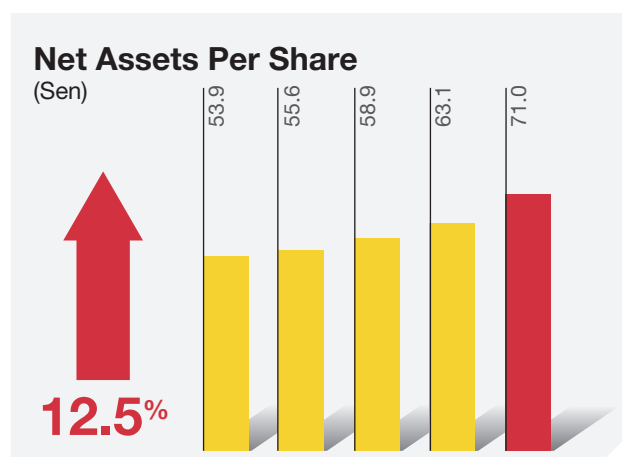
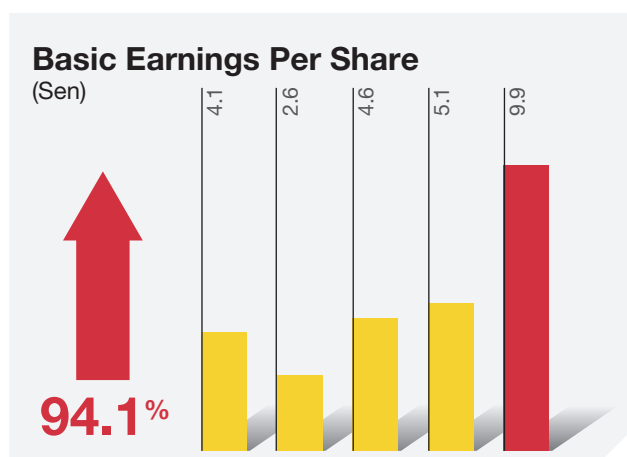
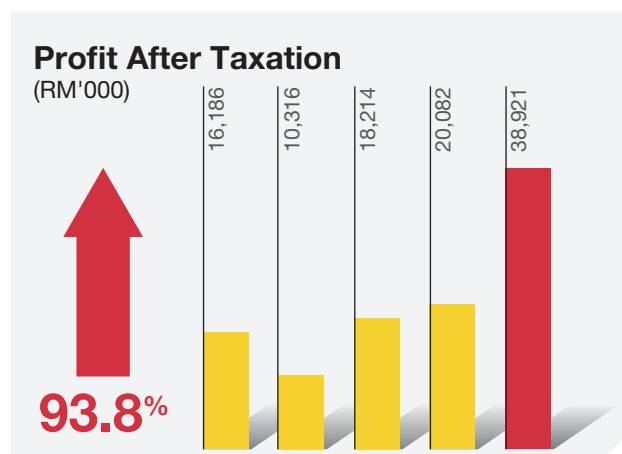
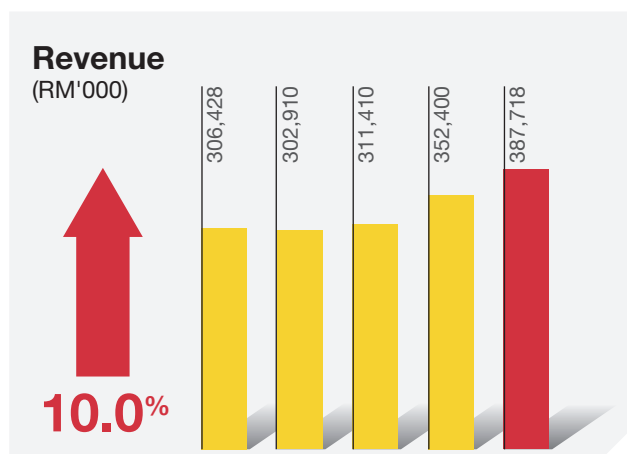
Mr. Fong Peng Fai was appointed to the Company in 2013 and serves as the Group Financial Controller. He graduated with a Bachelor of Commerce majoring in Accounting from University of Otago. He is a Chartered Global Management Accountant of the Chartered Institute of Management Accountants (CIMA), UK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

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS



	Year Ended 31 December				
	2016	2015	2014	2013	2012
OPERATING RESULTS (RM'000)					
Revenue	387,718	352,400	311,410	302,910	306,428
Profit Before Taxation	53,448	30,350	26,265	16,120	21,999
Profit After Taxation	38,921	20,082	18,214	10,316	16,186
KEY BALANCE SHEET DATA (RM'000)					
Total Assets	339,577	319,119	279,649	292,779	314,648
Total Liabilities	60,142	70,948	47,824	73,748	102,346
Share Capital	78,720	78,720	78,720	78,720	78,720
Shareholders' Equity	279,435	248,171	231,825	219,031	212,302
SHARE INFORMATION (sen)					
Basic Earnings Per Share	9.9	5.1	4.6	2.6	4.1
Net Assets Per Share	71.0	63.1	58.9	55.6	53.9
Net Dividend Per Share	1.8	1.4	1.4	1.2	1.2
FINANCIAL RATIOS (%)					
Return on Equity	13.9	8.1	7.9	4.7	7.6
Return on Assets	11.5	6.3	6.5	3.5	5.1
Dividend Payout Ratio	18.2	27.5	30.3	46.2	29.3

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 2016 (“FY2016”).

OVERVIEW

The financial year ended 31 December 2016 was another record breaking year for 3A, where we delivered historical highs in full year Revenue and Profit since our listing in year 2002.

Our stellar performance is the result of various initiatives undertaken namely on our continuous emphasis on product quality, cost efficiency and automation. This augurs well in our quest to be a global/regional leader in the food and beverage ingredients industry known to offer the best products quality.

However, competition was rife in the industry with the emergence of sizable competitors during the year. In addition, the operating environment was met with increases in energy costs as well as labour costs in the form of the implementation of the minimum wage ruling. The stronger USD did not have a material impact on the Group in FY2016 as generally we have a natural hedge position from imports and exports to offset such currency fluctuations.

As basic necessities for the population, the food and beverage industry is generally growing in tandem. For us, our track record demonstrated our resiliency as well as growth in the face of economic and political uncertainty serving our customers locally and overseas. This is possible through many strategies that we carried out.

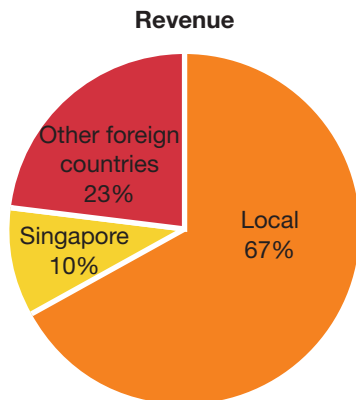


MANAGEMENT DISCUSSION & ANALYSIS (continued)

One of our key strategies to stay ahead of the competition is leveraging on our core competency on research and development to enhance product quality serving our customers. Our products are unique to our customers and in return we have their trust and support. Then, we continued to place considerable attention as well as budget allocation to improve and increase our production facilities in line with our growth objectives.

A RECORD YEAR

For FY2016, the Group registered its best financial results to date since listing in 2002 with record Revenue of RM387.7 million compared to RM352.4 million achieved in FY2015. Likewise, volume or quantity sold grew 4.3% and Revenue were made up of 33% export sales and the remaining bulk were local sales.



Revenue by Geography FY2016

Most commendable were Profit Before Tax and Profit After Tax that were registered at RM53.4 million and RM38.9 million accordingly, representing staggering growth rates of 76% and 94% respectively over FY2015.

A main factor for the good performance is a result of targeted pricing strategy mechanisms undertaken by the Group during the year. The strategy is centred on achieving good quality products with exceptional delivery of services to targeted highly valued customers that contributed to higher products margins on the backdrop of weak raw materials notably in the second half of FY2016. Again, operational efficiency played a major role to drive costs down and further improved by foreign currency translation gains. Besides, share of losses from a jointly controlled entity narrowed as compared to the prior year.

With the strong growth and record in Revenue and Profitability for FY2016, we are pleased to report that the Group is comfortably in a net cash position of RM13.8 million as at end of the financial year. This should position the Group to continue its plan to invest in any future projects that can benefit all stakeholders when the opportunities arise.

As at 31 December 2016, total shareholders' equity stood at RM279.4 million and net assets per share was at 71.0 sen. Meanwhile, Total Comprehensive Income for FY2016 was RM38.3 million compared to RM21.9 million last year. Total assets of the Group stood at RM339.6 million.

Most of capital expenditures for FY2016 was for the construction of Maltodextrin Plant No. 3 project that the Group believes would be one of the major growth catalysts going forward. It should be noted that this project is fully funded through the Group's internally generated funds given the strong cash flows.

The Maltodextrin Plant No. 3 is capable to produce 2,200 metric ton a month. With the completion of the project, the current total capacity of Maltodextrin products of the Group stands at 5,500 metric ton a month. The Group is ready for the next phase of growth.

Besides, plant automation initiatives carried out on newer production facilities to replace labour intensive processes. This is even more so for our powdered products where a notable improvement is on the automatic packing machinery that are more efficient.

On another note, we wish to inform that share of losses from our jointly-controlled entity, Three-A (Qinhuangdao) Food Industries Co. Ltd. narrowed to RM5.8 million in FY2016 versus RM7.3 million last financial year. Operations at the jointly-controlled entity in China remained at below optimum levels resulting in losses sustained. Nevertheless, the Board is optimistic of the prospect of the joint venture with the business strategies formulated jointly with our partner, Yihai Kerry Investments Co., Ltd. to tap into the market opportunities that the huge population in China offers.

As we strive to enhance visibility to the investing community, the Board of Directors had proposed a bonus issue of 98,400,004 new ordinary shares of RM0.20 each on the basis of one (1) bonus share for every four (4) existing shares. The proposal is awaiting approvals from Bursa Securities and shareholders. The objective of the proposed bonus issue is to enhance the marketability of 3A shares to allow more participation from investors and create value for our shareholders.

OUTLOOK AND PROSPECTS

Challenges are plentiful going forward. There were 2 upwards revision in natural gas tariff in 2016 and the hike in monthly minimum wage in the middle of year 2016 has negatively impacted the Group. We took necessary steps to be efficient through intensifying plans for automation and cost controls in our production plants.

Besides, competition in the food and beverage ingredients industry intensified with the emergence of a few large players. However, we always believe that as long as we continue to produce quality products at competitive pricing, we are able to ride out the storm stronger than before.

As we strive for continuous improvement in our products, we place substantial amount of emphasis on our Research and Development initiatives. This is our way to maintain our edge and relevance in the industry to serve even more customers across all continents. The results of our efforts are encouraging with the development of newer products such as low DE Maltodextrin products where we intend to capture new niche market. Products samples have been and

continued to be distributed to potential customers and we are excited about the responses we received thus far.

Besides, we expect exciting years ahead with the anticipated introduction of new products currently in development, under laboratory testing and trial stage. These new products are expected to penetrate new markets as well as fortify our leading position in the industry locally and regionally.

We have also implemented new product packaging facilities in stages that can cater to bulk packaging options according to changes in customers' demands. This is important to meet the unique and stringent demand in the production requirements from an identified growing segment of sophisticated customers.

In line with our expansion plans, the Group would continue its investment to realise its goals. Recent acquisition of lands in the vicinity of the existing factory location is part of the plans meant to cater to our growing needs. The Group will continue to evaluate its business plans and financial position before making appropriate decisions on investment opportunities whenever they arise.

PROFIT AFTER TAXATION

FY2016

RM**38.9**MILLION

+94%

TOTAL ASSETS

FY2016

RM**339.6**MILLION



MANAGEMENT DISCUSSION & ANALYSIS (continued)



DIVIDENDS

As a reward to all shareholders, the Board of Directors had declared an interim dividend per share of 1.8 sen for FY2016 compared to 1.4 sen last financial year. The total dividend payout for FY2016 that was paid on 13 December 2016 amounted to RM7.08 million, representing a 28.5% increase as compared to FY2015. No final dividend has been recommended for consideration at the forthcoming Annual General Meeting.

The Board of Directors would always evaluate the Group's financial conditions when making its decisions on dividend payment to shareholders. Market conditions and cash flows requirements for investments to generate better profits are utmost considerations that the Board of Directors would take into account for this purpose.

NOTE OF APPRECIATION

Foremost, the Board of Directors would like to commend the management and all dedicated employees of the Group for a spectacular year of achievements. The outstanding results was not possible without all their invaluable contribution in spite of economic and market uncertainties.

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

Our personal note goes to the rest of the Board members who have provided their guidance and commitment and it is a great honour to be working alongside such remarkable people.

Thank you.

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

TOTAL SHAREHOLDERS' EQUITY

FY2016
RM **279.4** MILLION

NET ASSETS PER SHARE

FY2016
71.0 SEN

FANG CHEW HAM
Deputy Executive Chairman and
Managing Director

FINANCIAL CALENDAR

Financial Year 2016

24th

FEBRUARY 2016

- Announcement on Quarterly Report on consolidated results for the financial period ended 31 December 2015

10th

MARCH 2016

- Announcement on proposed renewal of authority for the Company to purchase its own shares
- Announcement on proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

11th

APRIL 2016

- Announcement on General Meetings: Notice of Meeting

12th

APRIL 2016

- Submission of Statement to Shareholders in relation to the proposed renewal of authority for the share buy back
- Submission of Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature
- Submission of Annual Report 2015

15th

APRIL 2016

- Announcement on proposed amendments to the Articles of Association of the Company

05th

MAY 2016

- Announcement on Change in Audit Committee - Mr. Khoo Wee Boon
- Announcement on Quarterly Report on consolidated results for the financial period ended 31 March 2016
- Announcement on General Meeting - Outcome of Meeting

25th

MAY 2016

- Announcement on Changes in Director's Interest (S135) - Mr. Fang Chew Ham
- Announcement on Changes in Director's Interest (S135) - Ms. Fang Siew Yee
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Ms. Fang Siew Yee
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Mr. Fang Chew Ham
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Fang Chew Ham Holdings Sdn. Bhd.
- Announcement on Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings outside Closed Period
- Announcement on Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings outside Closed Period

27th

MAY 2016

- Announcement on Changes in Director's Interest (S135) - Fong Chu King @ Tong Chu King
- Announcement on Notice of Person Ceasing (29C) - Mr. Fong Chu King @ Tong Chu King

FINANCIAL CALENDAR (continued)

06th

JUNE 2016

- Announcement on Changes in Director's Interest (S135) - Ms. Fang Siew Yee
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Fang Chew Ham Holdings Sdn. Bhd.
- Announcement on Changes in Director's Interest (S135) - Mr. Fang Chew Ham
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Mr. Fang Chew Ham
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Ms. Fang Siew Yee
- Announcement on Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings outside Closed Period
- Announcement on Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings outside Closed Period

07th

JUNE 2016

- Announcement on Changes in Director's Interest (S135) - Mr. Tan Chon Sing @ Tan Kim Tieng (Amended Announcement)
- Announcement on Changes in Director's Interest (S135) - Mr. Tan Chon Sing @ Tan Kim Tieng

04th

JULY 2016

- Announcement on Changes in Director's Interest (S135) - Mr. Liew Kuo Shin
- Announcement on Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings outside Closed Period

05th

JULY 2016

- Announcement on Changes in Director's Interest (S135) - Mr. Fang Chew Ham
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Mr. Fang Chew Ham Holdings Sdn. Bhd.
- Announcement on Changes in Director's Interest (S135) - Ms. Fang Siew Yee
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Mr. Fang Chew Ham
- Announcement on Changes in Substantial Shareholder's Interest (29B) - Ms. Fang Siew Yee
- Announcement on Changes in Director's Interest (S135) - Mr. Fong Chu King @ Tong Chu King
- Announcement on Dealings in Listed Securities (Chapter 14 of Listing Requirements): Dealings outside Closed Period

19th

AUGUST 2016

- Announcement on Quarterly Report on consolidated results for the financial period ended 30 June 2016
- Announcement on Change of Company Secretary - Wong Wai Foong
- Announcement on Change of Company Secretary - Yap Sit Lee

05th

SEPTEMBER 2016

- Announcement on Changes in Director's Interest (S135) - Mr. Tan Chon Sing @ Tan Kim Tieng

13th

SEPTEMBER 2016

- Announcement on Multiple Proposals by Three-A Resources Berhad I. Proposed Bonus Issue; II. Proposed ESOS; III. Proposed Increase in Authorised Share Capital; and IV. Proposed Amendments

22th**SEPTEMBER 2016**

- Announcement on Notice of Person Ceasing (29C) - Mr. Foong Chiew Fatt
- Announcement on Notice of Person Ceasing (29C) - Mr. Fong Chiew Hean

26th**SEPTEMBER 2016**

- Announcement on Notice of Person Ceasing (29C) - Lembaga Tabung Haji

05th**OCTOBER 2016**

- Announcement on Notice of Person Ceasing (29C) - Seong Chan Sauce & Foodstuff Sdn. Bhd.
- Announcement on Notice of Person Ceasing (29C) - Mr. Liew Kuo Shin
- Announcement on Notice of Person Ceasing (29C) - Ms. Fang Siew Ping
- Announcement on Notice of Person Ceasing (29C) - Dato Mohd Nor Bin Abdul Wahid

12th**OCTOBER 2016**

- Announcement on Notice of Person Ceasing (29C) - Mr. Chew Eng Chai

13th**OCTOBER 2016**

- Announcement on Notice of Person Ceasing (29C) - Mr. Mohd Zaki Bin Hamzah

26th**OCTOBER 2016**

- General Announcement By Three-A Resources Berhad

09th**NOVEMBER 2016**

- Announcement on Multiple Proposals by Three-A Resources Berhad I. Proposed Bonus Issue; II. Proposed ESOS; III. Proposed Increase in Authorised Share Capital; and IV. Proposed Amendments

10th**NOVEMBER 2016**

- Announcement on New Issue of Securities (Chapter 6 of Listing Requirements): Bonus Issues - Three-A Resources Berhad Proposed Bonus Issue

15th**NOVEMBER 2016**

- Announcement on Quarterly Report on consolidated results for the financial period ended 30 September 2016
- Announcement on Interim Dividend

17th**NOVEMBER 2016**

- Announcement on Notice of Book Closure

26th**JANUARY 2017**

- Announcement on Changes in Director's Interest (S135) - Mr. Tan Chon Sing @ Tan Kim Tieng

CORPORATE SOCIAL RESPONSIBILITY (CSR)



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

The Group’s corporate social responsibility practices focus on four areas – Environment, Workplace, Community and Marketplace which aims to deliver sustainable value to society at large.

THE ENVIRONMENT

Our responsibility towards the environment is of upmost importance due to the increasing depletion of the earth’s natural 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.

Tapioca which is the major raw material input in our products is environmentally friendly. We have invested in water treatment facilities to ensure that all waste water is properly treated before it is discharged. The Management on waste reduction will continue to be our on-going efforts 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 Company’s operations on the environment.

THE WORKPLACE

The Board believes that our employees as stakeholders are an essential asset of the Group. Accordingly, we strive to provide them a conducive and safe environment by providing safety and job-related training. The Company had organised in-house safety programmes to ensure the workers know how to effectively handle the Company’s machineries and equipments, tools and vehicles. The Company promotes awareness on safety precautions and health issues. Safety gears are provided to relevant employees to reduce the consequences of serious accidents.

The Group, in fulfilling its corporate responsibility as a caring employer, places emphasis on building long lasting relationships with the employees. We ensure that two-way open communication channels are available to all employees so as to facilitate better understanding of the Company’s objectives and direction. The Company conducted talk sessions to provide an avenue for employees to engage with the management and network among each other. These sessions allow the Company’s management to share the business direction and policies with employees at the operational level. Such sessions also provide opportunities for employees to provide their feedback and provide inputs for business and operational improvements.

Retention of key employees is crucial to ensure business success. The Group continues to ensure that reward packages remain competitive to attract, retain and motivate the right talents. Succession plans are put in place for critical positions to ensure sustainability in terms of continuous effective and efficient operations within the Group and a healthy leadership pipeline.

THE COMMUNITY

The Group recognises the co-relation between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is aware and takes actions to improve the quality of the society at large.

To be socially responsible, the Group focuses its corporate responsibility on enhancing community sustainability through various activities and actions aim to promote community engagement and address the needs of less fortunate and underprivileged families. The initiatives include monetary donations, welfare visits and contributions to the following school, charity, welfare and voluntary association:-

- (a) Rumah Siraman Kasih Country Homes
- (b) Persatuan Kebajikan Veteran Kawalan Vektor Malaysia
- (c) J/K Pembangunan SJK (C) Sg. Buloh - "Music Concert Fundraising"
- (d) Majlis Kebajikan dan Sukan Anggota-Anggota Kerajaan Selangor
- (e) Charity Event "Gala Dinner In Aid Of Career / Working Development For Individuals with Special Needs"
- (f) Persatuan Penganut Tokong "Orphanage & Handicapped Charity"
- (g) Renovation of Ramayana Cave Batu Caves

and distributions of gifts to neighbouring communities during festivals.

The Company also encourages its employees to participate in voluntary work for charitable cause.

THE MARKETPLACE

To achieve sustainable development of the marketplace, the Group endeavours to carry out activities to promote responsible practices among our investors, suppliers and customers where high ethical standards in the respective areas are consistently applied.

(i) Investors

The Group strives to enhance corporate value by maintaining a stable and long term growth strategy for the benefit of its shareholders. The Group continues its efforts to engage with its shareholders through the following initiatives:

- To maximise shareholders' wealth through continuous efforts to achieve operational excellence and sustainable growth;
- Disclose and disseminate all materials information in a timely, open, fair and transparent manner;
- Ensuring a robust system of corporate governance, implementing policies that promote ethical behaviour and conducting business responsibly through high standards and business ethics;
- Engages with its shareholders and investors through various channels of communication such as general meetings of shareholders and regular press releases; and
- Accessible in the public domain and regular investors updates on our website.

(ii) Suppliers

The Group respects its suppliers and works closely with them through long-term relationships to realise mutual growth based on mutual trust. In this respect, the Group engages its suppliers through the following manner:-

- Engages in ethical procurement practices by adopting standard and equitable procedures;
- Ensures the products supplied are in accordance to the Group's required specification; and
- Conducts in-depth suppliers' audits to ensure the required standards are met in the supply chain.

(iii) Customers

In line with the Group's mission to be "Customer Focus", the Group provides quality products and services that meet the customers' demands to earn the trust of its customers. The Group strives to create value for its customers through competitive pricing without compromising the interest of other stakeholders. In achieving this, the Group initiates the following:-

- Enhances customers' satisfaction and confidence by providing quality products in full on a timely basis;
- Adopts the "do it right the first time" motto to achieve operational excellence in order to reduce overall costs for the benefits of both customers and shareholders of the Company; and
- Implements a customers' compliant system to address and ensure all customer feedbacks and complaints are acknowledged and resolved promptly.

CONCLUSION

The Group will continue to uphold its social responsibility practices in every aspects of the Group's business and remain steadfast in playing our part in giving back for the betterment of the society that we live in. Our actions today will define our success in future. By focusing our efforts on the four sustainability dimensions, we shall further enhance our corporate image, reputation and the brand equity value.

CORPORATE GOVERNANCE STATEMENT

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 corporation governance so that the interest of investors and all other stakeholders are well taken care of.

As a testimony of our commitment, in the Analysis of Corporate Governance Disclosure in Annual Reports 2016 published by Bursa Malaysia, the Group scored in average 76.3% across six (6) Principles evaluated, which was above the average score of 68.7% for 280 listed issuers.

The Board will continue its efforts in giving priority to governance practices and is pleased to disclose below the Group’s applications of the principles and recommendations of the Code throughout the financial year.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

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 2012.

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 three Board Committees, namely:-

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

The Nomination Committee and Board 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.

Board Charter

The primary objective of the Group’s Board Charter (Charter) is to set out the roles and responsibilities of the Board. 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.

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.

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 formalising 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, experiences and knowledge irregardless of gender, ethnicity and age.

The Nomination Committee (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.

Code of Conduct and Ethics for Directors

The Board will continue to adhere to the Company Directors' Code of Ethics established by the Companies Commission of Malaysia which is based on the following principles:-

- Compliance with legal and regulatory requirements and Group policies;
- Observance of the Board Charter;
- Duty to act in the best interest of the Group;
- Honesty and integrity;
- No conflict of interests;
- No-profit rule; and
- Relationships with stakeholders.

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 victimisation or stress.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

Duties and Responsibilities of the Board

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 business plans and the medium-term and long-term strategies plans;
- oversees the Group's business operations and financial performance against the approved 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 five (5) 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.

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.

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, performance and management report 7 days in advance of 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 analysing the profit and loss account and balance sheet 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.

Qualified and Competent Company Secretary

The Company Secretary is appointed by the Board of Directors. The appointment is 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 Secretary is a MAICSA member and her role and responsibilities includes the following:

- ensure compliance of regulatory requirements, updates on new Bursa Listing Requirements to the board;
- support the board by ensuring adherence to board policies and procedures, rules, relevant laws, best practices on Corporate Governance;
- ensure minutes are well documented; and
- follow-up on matters arising.

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

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

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 Managing Director), five (5) Independent Non-Executive Directors and three (3) Alternate 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.

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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 and competencies required for an effective Board.

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.

In 2016, there is no new appointment of Director to the Board.

Re-Appointment and 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-appointment and re-election of Directors at the annual general meeting is subject to the prior assessment by the Nomination Committee.

Non-Independent Executive Director, Mr. Fang Chew Ham is due to retire pursuant to Article 86 of the Constitution of the Company at the forthcoming Annual General Meeting.

Non-Independent Non-Executive Directors namely Mr. Sun You Ning and Mr. Kwek Ju-Yang, Mark (Guo Zuyang, Mark) are due to retire pursuant to Article 86 of the Constitution of Company at the forthcoming Annual General Meeting.

Independent Non-Executive Director, Mr. Tan Chon Sing @ Tan Kim Tieng and Non-Independent Executive Director, Mr. Fong Chu King @ Tong Chu King who were re-appointed pursuant to Section 129 of the Companies Act, 1965 in the last Annual General Meeting are due to retire at the forthcoming Annual General Meeting.

In determining whether to recommend a Director for re-election or re-appointment, 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 and re-appointment at forthcoming Annual General Meeting. All the above mentioned Directors (except for both Mr Sun You Ning and Mr Kwek Ju Ning, Mark (Gou Zuyang, Mark) who have indicated that they would not be seeking for re-election and would retire as Directors at the forth coming Annual General Meeting) have consented to serve as Directors, if elected or re-appointed, by the shareholders at the forthcoming Annual General Meeting.

The Directors of 3A are persons 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 profile of the above Directors is set out in the section entitled "Profile of Board of Directors" on pages 4 to 9 of 2016 Annual Report.

The Board Committees

The Board delegates certain authorities to 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 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; and
- Remuneration Committee.

Audit Committee

The Audit Committee currently comprises 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 2016, the Committee met four (4) times. Details of the composition of the Audit Committee and attendance of Members at Meetings held in 2016 are as follows:-

Members of Audit Committee and Meeting Attendance

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Chew Eng Chai	4/4
Member Independent Non-Executive Director	Tan Chon Sing @ Tan Kim Tieng	4/4
Member Independent Non-Executive Director	Mohd Zaki Bin Hamzah	3/4
Member Independent Non-Executive Director	Khoo Wee Boon*	2/2

* Appointed as a member of AC on 5 May 2016.

Meetings are to be held as and when necessary. The quorum for each meeting is two. 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 35 to 38 on this Annual Report.

Nomination Committee

The Nomination Committee was set up in November 2002 and their salient terms of reference are as follows:-

- To propose 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 and re-appointment of Directors at the Company'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. 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 / re-appointment, the Nomination Committee 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.

CORPORATE GOVERNANCE STATEMENT (continued)

The NC had on 23 February 2017 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.

For the financial year ended 31 December 2016, the Committee met once and the composition of the Nomination Committee 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	1/1
Member Independent Non-Executive Director	Chew Eng Chai	1/1
Member Independent Non-Executive Director	Khoo Wee Boon	1/1

The Nomination Committee had undertaken the following activities in respect of the financial year ended 31 December 2016:-

- reviewed the Self 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 Annual General Meeting;
- reviewed the yearly Self 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
- reviewed the independence of Independent Director.

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	
Male	85%	19 – 30	42%
Female	15%	31 – 40	39%
		41 – 50	13%
		Above 51	6%
Ethnicity			
Malaysian – Bumiputera	28.8%		
Malaysian – Chinese	12.9%		
Malaysian – Indian	0.3%		
Foreigners	58.0%		

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.

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, 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. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

The Remuneration Committee held one (1) meeting 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	1/1
Member Independent Non-Executive Director	Chew Eng Chai	1/1
Member Independent Non-Executive Director	Dato' Mohd Nor Bin Abdul Wahid	1/1

Directors' Remuneration

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 organisations' 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.

The details of the remuneration of Directors for the financial year ended 31 December 2016 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)
Received from the Company					
Executive Directors	-	-	-	-	-
Non-Executive Directors	-	-	-	230	230
Received from the Group Basis					
Executive Directors	3,879	1,760	467	-	6,106
Non-Executive Directors	288	-	-	230	578

CORPORATE GOVERNANCE STATEMENT (continued)

The number of Directors whose total remuneration all within the following bands for the financial year ended 31 December 2016 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
RM700,000 – RM750,000	1	-
RM800,000 – RM850,000	2	-
RM1,400,000 – RM1,450,000	1	-
RM2,300,000 – RM2,350,000	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.

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

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.

The Independent Non-Executive Directors bring 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.

During the financial year, the Board 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 Board, Independent Non-Executive Directors namely Mr. Chew Eng Chai, 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 Fifteenth Annual General Meeting of the Company. The Board recommends retaining their designation as Independent Non-Executive Directors based on the following justifications:-

- they have fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- they have ensured effective check and balance in the proceedings of the Board and the Board Committees;
- they have actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- their vast experience in finance, manufacturing industry and securities market would enable them to provide the Board with a diverse set of experience, expertise and independent judgment to better manage and run the Company;

- they have devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company; and
- they have exercised their due care in the interest of the Company and shareholders during their tenure as Independent Non-Executive Directors of the Company.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

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 four (4) times during the financial year ended 31 December 2016. Additional meetings are held as and when required. The dates of the Board Meetings are as follows:

- 23 February 2016
- 05 May 2016
- 18 August 2016
- 15 November 2016

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	4	4/4
Fang Chew Ham	4	4/4
Fong Chu King @ Tong Chu King	4	4/4
Chew Eng Chai	4	4/4
Tan Chon Sing @ Tan Kim Tieng	4	4/4
Fang Siew Yee	4	4/4
Khoo Wee Boon	4	4/4
Mohd Zaki Bin Hamzah	4	3/4
Kwek Ju-Yang, Mark (Guo Zuyang, Mark)	4	2/4
Sun You Ning	4	4/4

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

Directors of the Company 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.

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. The NC had on 23 February 2017 undertaken an assessment of the training needs of the Directors during the annual assessment.

For the year ended 31 December 2016, 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"> • Halal Assurance Management System I • Halal Assurance Management System II
Fang Chew Ham	<ul style="list-style-type: none"> • Introduction to ISO 22000 and ISO/TS 22002-1: 2009 Prerequisite Programmes on Food Safety Part I: Food Manufacturing • Halal Assurance Management System I • Personal Protective Equipment Training • Halal Assurance Management System II

CORPORATE GOVERNANCE STATEMENT (continued)

Name of Directors	Seminars / Training Programmes
Fong Chu King @ Tong Chu King	<ul style="list-style-type: none"> • Introduction to ISO 22000 and ISO/TS 22002-1: 2009 Prerequisite Programmes on Food Safety Part I: Food Manufacturing • Halal Assurance Management System I • Personal Protective Equipment Training • Halal Assurance Management System II
Chew Eng Chai	<ul style="list-style-type: none"> • The Interplay between CG, Non-Financial Information (NFI) and Investment Decision • Independent Directors Programme: The Essence of Independence
Tan Chon Sing @ Tan Kim Tieng	<ul style="list-style-type: none"> • AMLATFPUAA in the Capital Market • ASEAN Stock Markets and Trends
Fang Siew Yee	<ul style="list-style-type: none"> • Introduction to ISO 22000 and ISO/TS 22002-1: 2009 Prerequisite Programmes on Food Safety Part I: Food Manufacturing • Halal Assurance Management System I • Personal Protective Equipment Training • Halal Assurance Management System II
Khoo Wee Boon	<ul style="list-style-type: none"> • Market Misconduct, Chinese Wall and Prevention of Insider Trading • Brilliant Investment Strategies in Current Economic Climate
Mohd Zaki Bin Hamzah	<ul style="list-style-type: none"> • Halal Assurance Management System I • Halal Assurance Management System II

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.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE GROUP

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 judgements and estimates; and that financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Directors recognise the responsibility for ensuring that accounting records are properly kept.

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 Company. The Audit Committee reviews and monitors the integrity of the Company'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 23 February 2017 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 Company for the ensuing year. The board has recommended M/s BDO for re-appointment as auditors of the Company for the shareholders' approval at this 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.

Statement on Directors' Responsibility

The Directors are required by the Companies Act 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company 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 applying them consistently;
- made judgements 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 Group and the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act 1965.

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.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements is set out on page 31 of the Annual Report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISK OF THE GROUP

The Board has formalised a risk management framework to safeguard the interest and meet the expectations of its shareholders, 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;
- minimising 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 credential and qualification 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.

In the middle of year 2016, the Audit Committee had 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 on Risk Management and Internal Control on pages 33 to 34.

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

CORPORATE GOVERNANCE STATEMENT (continued)

PRINCIPLE 7 – ENSURE TIMELY AND ACCURATE DISCLOSURE

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.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE GROUP AND ITS 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 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.

In accordance with the recommendation of the Code, the Board is encouraged to put substantive resolution to vote by way of poll at general meeting as may be demanded by the shareholders. The Chairman of the general meeting will inform the shareholders of the Group of their right to demand for a poll at the commencement of a general meeting.

The Group maintained a website (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

Jessica Fang Siew Yee
Executive Director
E-mail : jessica.fang@three-a.com.my

Tel No. : +603 6156 2655
Website : 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 Statement on Corporate Governance has fulfilled its obligations under the Malaysian Code on Corporate Governance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2012 requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control, which outlines the nature and scope of risk management and internal control of the Company and its subsidiaries ("Group") during the financial year ended 31 December 2016 as guided by the "Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers" ("Guideline") endorsed by Bursa Malaysia Securities Berhad.

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 risk management and system of 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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has an on-going process for identifying, evaluating and managing principal risks faced by the group. As one of the leading Food and Beverages ingredients manufacturers in Malaysia, the Group continues its effort in managing the key risks such as fluctuation of prices of raw materials, forex risk, credit risk as well as quality and performance of suppliers in order to constantly upgrading the quality of products to meet the changing needs of customers locally and internationally.

Presently, the effectiveness of risk management in the Group is reviewed by the Risk Management Committee ("RMC"). The RMC is assisted by Risk Working Committee ("RWC") in assessing the risks and tabling the risks regularly to the RMC. The status of key risks and management actions are further presented to the Board for review and deliberation by RMC.

As part of the Group's continuous improvement effort, the Credit Control Committee was established to measure, review, monitor, and manage the credit risks. This process helps to contain this risk.

In order to ensure consistency of standard in products quality, satisfaction of customers and safety requirements, the Group is also subjected to various audits performed by external parties which include:

- Annual surveillance visits conducted by auditors from Intertek Certification International Sdn. Bhd. ("Intertek") in relation to the ISO 9001:2008 and HACCP certification;
- Complete re-audit and re-assessment performed by Intertek once every three years; and
- Periodic customer audit conducted by major multinational customers.

The Group has currently outsourced its Internal Audit Function to a professional internal audit service provider to assist the Audit Committee and Board in providing an independent assessment and objective assurance on the internal control system of the Group.

The Internal Audit Function has organised its work in accordance to the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns.

The internal audit reports were presented to the Audit Committee on a quarterly basis where the audit findings were deliberated in the meeting and recorded in the minutes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Audit Committee also reviews the financial information and reports produced by the management. In consultation with the management, the Audit Committee deliberates on the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders and public investors. Complimenting this review process, the Audit Committee also obtains feedback from external auditors on the risk and control issues highlighted in the course of their statutory audit.

KEY ELEMENTS OF INTERNAL CONTROL

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

- i. Management organisation chart outlining the management responsibilities and hierarchical structure of reporting and accountability;
- ii. Documented policies and procedures are in place and are regularly reviewed and updated;
- iii. Monthly management meeting and credit committee meeting reporting procedures for monitoring and tracking of performance of the Group;
- iv. Continuous improvement in the documentation and operation process in satisfying the stringent requirement of certification bodies such as ISO and HACCP;
- v. Job descriptions for each position are established providing understanding to employees of their actions needed in discharging their responsibilities; and
- vi. Review of Related Party Transactions (“RPTs”).

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities’s 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 Managing Director and 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

As required by 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 2016. Their review procedures were performed in accordance with Recommended Practice Guide 5 (RPG 5) (Revised) issued by the Malaysian Institute of Accountants.

RPG 5 (Revised) does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group’s risk and control procedures. 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 the 2016 Annual Report.

The Group’s risk management and internal control system does not apply to the joint venture company where the Group does not have full management control.

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 four (4) 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 2016 are as follows:

Composition of Audit Committee	Numbers of Audit Committee Meetings	
	Held	Attended
Chew Eng Chai Chairman, Independent Non-Executive Director	4	4
Tan Chon Sing @ Tan Kim Tieng Member, Independent Non-Executive Director	4	4
Mohd Zaki Bin Hamzah Member, Independent Non-Executive Director	4	3
Khoo Wee Boon Member, Independent Non-Executive Director	2	2

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 employees 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 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 membership and performance shall be reviewed annually.

Chairman

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

AUDIT COMMITTEE REPORT

(continued)

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 Chairman, Chief Executive Officer, Group Financial Controller, the Head of Internal Control 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.
- 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 2016 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.

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 2016.

AUDIT COMMITTEE REPORT (continued)

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 part 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 2016 was about RM50,400. 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 2016 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 2016, 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.



FINANCIAL STATEMENTS

Directors' Report	40
Statement by Directors	44
Statutory Declaration	44
Independent Auditors' Report	45
Statements of Financial Position	49
Statements of Profit or Loss and Other Comprehensive Income	50
Consolidated Statement of Changes in Equity	51
Statement of Changes in Equity	52
Statements of Cash Flows	53
Notes to the Financial Statements	55
Supplementary Information - Breakdown of Retained Earnings into Realised and Unrealised	84

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 2016.

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

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	38,921	15,407

DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 31 December 2016:	
Interim single tier dividend of 1.8 sen per ordinary share, paid on 13 December 2016	7,085

The Directors do not recommend any payment of final dividend for the financial year ended 31 December 2016.

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

The Company did not issue any new shares or 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:

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
 Kwek Ju-Yang, Mark (Guo Zuyang, Mark)
 Sun You Ning
 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) (Alternate Director to Kwek Ju-Yang, Mark (Guo Zuyang, Mark))

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.20 each			Balance as at 31.12.2016
	Balance as at 1.1.2016	Bought	Sold	
Direct interests:				
Dato' Mohd Nor Bin Abdul Wahid	438,000	-	-	438,000
Fong Chu King @ Tong Chu King	10,950,000	-	-	10,950,000
Chew Eng Chai	160,000	-	-	160,000
Mohd Zaki Bin Hamzah	500,000	-	-	500,000
Liew Kuo Shin	-	100,000	-	100,000
Indirect interests:				
Fang Chew Ham	121,001,040	482,000	(39,780,960)	81,702,080
Fang Siew Yee	81,220,080	482,000	-	81,702,080
Fong Chu King @ Tong Chu King	29,740,940	302,000	(28,830,960)	1,211,980
Tan Chon Sing @ Tan Kim Tieng	3,708,000	-	(1,020,000)	2,688,000
Chew Eng Chai	7,000	-	-	7,000

By virtue of their interests in the ordinary shares of the Company, Fang Chew Ham, Fang Siew Ping 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 in the Company during the financial year.

DIRECTORS' REPORT (continued)

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 emoluments 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 27 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 Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, 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 satisfied themselves that there are no known bad debts and that adequate provision has 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 writing off of 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 or 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 the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Details of significant events subsequent to the end of the reporting period are disclosed in Note 30 to the financial statements.

AUDITORS

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

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
28 March 2017

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 49 to 83 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act, 1965 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 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 to the financial statements on page 84 has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Dato' Mohd Nor Bin Abdul Wahid
Director

Fang Chew Ham
Director

Kuala Lumpur
28 March 2017

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 49 to 84 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)
28 March 2017)

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 2016 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 49 to 83.

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 2016, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act, 1965 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.

Impairment assessment of investment in a joint venture

As at 31 December 2016, the carrying amount of the investment in Three-A (Qinhuangdao) Food Industries Co. Ltd. ("3AQHD"), a joint venture was RM6,772,000.

We have focused on this impairment assessment as it requires significant judgements and estimates about the future result and key assumptions applied to cash flow projections of this joint venture in determining the recoverable amount. 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 rates.

Audit response

Our procedures included:

- (i) compared prior period projections to actual outcomes to assess reliability of management forecasting process and controls;
- (ii) compared cash flow projections against recent performance, assessed and challenged the assumptions in projections;
- (iii) verified budgeted operating profit margins, growth rates and terminal value by assessing evidence available to support these assumptions and corroborate the findings from other areas of our audit;
- (iv) verified pre-tax discount rate for this joint venture by comparing to the market data, weighted average cost of capital of the Group and relevant risk factors; and
- (v) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THREE-A RESOURCES BERHAD

(Incorporated in Malaysia) (continued)

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 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, 1965 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.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism 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 the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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 skepticism throughout the audit. We also (continued):

- (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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THREE-A RESOURCES BERHAD

(Incorporated in Malaysia) (continued)

Other Reporting Responsibilities

The supplementary information set out in Note 31 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 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

Lee Ken Wai
3185/07/17 (J)
Chartered Accountant

Kuala Lumpur
28 March 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	161,851	136,388	-	-
Prepaid lease payments for land	6	1,503	5,622	-	-
Investments in subsidiaries	7	-	-	177,900	177,900
Investment in a joint venture	8	6,772	13,221	-	-
		170,126	155,231	177,900	177,900
Current assets					
Inventories	9	48,848	61,675	-	-
Trade and other receivables	10	91,844	89,405	4,007	1,431
Current tax assets		45	55	45	55
Cash and bank balances	11	28,714	12,753	78	20
		169,451	163,888	4,130	1,506
TOTAL ASSETS		339,577	319,119	182,030	179,406
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	12	78,720	78,720	78,720	78,720
Reserves	13	200,715	169,451	103,032	94,710
TOTAL EQUITY		279,435	248,171	181,752	173,430
LIABILITIES					
Non-current liabilities					
Borrowings	15	12,237	7,688	-	-
Deferred tax liabilities	14	14,325	14,406	-	-
		26,562	22,094	-	-
Current liabilities					
Trade and other payables	17	27,182	12,075	278	466
Dividend payable		-	5,510	-	5,510
Borrowings	15	2,672	27,882	-	-
Current tax liabilities		3,726	3,387	-	-
		33,580	48,854	278	5,976
TOTAL LIABILITIES		60,142	70,948	278	5,976
TOTAL EQUITY AND LIABILITIES		339,577	319,119	182,030	179,406

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 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	20	387,718	352,400	15,960	11,970
Cost of sales		(300,326)	(292,394)	-	-
Gross profit		87,392	60,006	15,960	11,970
Other income		2,146	5,046	-	1
Administrative expenses		(20,325)	(17,996)	(553)	(434)
Other operating expenses		(8,720)	(8,420)	-	-
Share of results of a joint venture, net of tax	8(d)	(5,877)	(7,327)	-	-
Profit from operations		54,616	31,309	15,407	11,537
Finance costs	21	(1,168)	(959)	-	-
Profit before tax	22	53,448	30,350	15,407	11,537
Tax expense	23	(14,527)	(10,268)	-	-
Profit for the financial year		38,921	20,082	15,407	11,537
Other comprehensive income that may be reclassified subsequently to profit or loss - Foreign currency translations		(572)	1,774	-	-
Total other comprehensive income, net of tax		(572)	1,774	-	-
Total comprehensive income		38,349	21,856	15,407	11,537
Profit attributable to owners of the parent		38,921	20,082	15,407	11,537
Total comprehensive income attributable to owners of the parent		38,349	21,856	15,407	11,537
Earnings per share attributable to equity holders of the Company (sen):					
Basic and diluted	24	9.9	5.1		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	----- Non-distributable -----			Distributable	Total RM'000
		Share capital RM'000	Share premium RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2015		78,720	70,367	1,709	81,029	231,825
Profit for the financial year		-	-	-	20,082	20,082
Other comprehensive income, net of tax		-	-	1,774	-	1,774
Total comprehensive income		-	-	1,774	20,082	21,856
Transactions with owners Dividends	25	-	-	-	(5,510)	(5,510)
Balance as at 31 December 2015		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 (loss)/income		-	-	(572)	38,921	38,349
Transactions with owners Dividends	25	-	-	-	(7,085)	(7,085)
Balance as at 31 December 2016		78,720	70,367	2,911	127,437	279,435

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Company	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
Balance as at 1 January 2015		78,720	70,367	18,316	167,403
Profit for the financial year		-	-	11,537	11,537
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	11,537	11,537
Transactions with owners					
Dividends	25	-	-	(5,510)	(5,510)
Balance as at 31 December 2015		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	25	-	-	(7,085)	(7,085)
Balance as at 31 December 2016		78,720	70,367	32,665	181,752

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		53,448	30,350	15,407	11,537
Adjustments for:					
Amortisation of prepaid lease payments for land	6	56	370	-	-
Depreciation of property, plant and equipment	5	7,093	6,905	-	-
Dividend income from a subsidiary	20	-	-	(15,960)	(11,970)
(Gain)/Loss on disposal of property, plant and equipment		(17)	1	-	-
Interest expense	21	1,168	959	-	-
Property, plant and equipment written off		5	-	-	-
Interest income		(96)	(99)	-	(1)
Share of results of a joint venture, net of tax	8(d)	5,877	7,327	-	-
Unrealised foreign exchange gain		(905)	(32)	-	-
Operating profit/(loss) before changes in working capital		66,629	45,781	(553)	(434)
Changes in working capital:					
Inventories		12,827	(7,397)	-	-
Trade and other receivables		(878)	(21,478)	-	7
Trade and other payables		14,180	(2,919)	24	26
Cash generated from/(used in) operations		92,758	13,987	(529)	(401)
Tax refunded		-	-	43	-
Tax paid		(14,302)	(7,969)	(33)	(9)
Net cash from/(used in) operating activities		78,499	6,018	(519)	(410)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (continued)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital contribution to a joint venture		-	(15,238)	-	-
Advances to subsidiaries		-	-	(2,788)	(11,718)
Purchase of property, plant and equipment	5(c)	(27,597)	(12,572)	-	-
Proceeds from disposal of property, plant and equipment		17	4	-	-
Dividend received from a subsidiary		-	-	15,960	11,970
Interest received		96	99	-	1
Net cash (used in)/from investing activities		(27,484)	(27,707)	13,172	253
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(12,595)	(5,510)	(12,595)	(5,510)
Interest paid		(1,168)	(959)	-	-
(Repayments)/Drawdown of bankers' acceptances		(26,073)	26,073	-	-
Drawdown of term loans		7,100	-	-	-
Repayments of term loans		(1,171)	(2,004)	-	-
Repayments of hire purchase obligations		(517)	(982)	-	-
Net cash (used in)/from financing activities		(34,424)	16,618	(12,595)	(5,510)
Net increase/(decrease) in cash and cash equivalents		16,591	(5,071)	58	(5,667)
Effect of exchange rate changes on cash and cash equivalents		(630)	766	-	-
Cash and cash equivalents at beginning of financial year		12,753	17,058	20	5,687
Cash and cash equivalents at end of financial year	11	28,714	12,753	78	20

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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 2016 comprise the Company and its subsidiaries and the interest of the Group in a joint venture. 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 28 March 2017.

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 49 to 83 have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 31 to the financial statements set out on page 84 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

4. OPERATING SEGMENTS (CONTINUED)

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.

	Group	
	2016	2015
	RM'000	RM'000
Revenue:		
Malaysia	257,257	235,638
Singapore	39,985	28,332
Other foreign countries	90,476	88,430
	387,718	352,400

The assets and liabilities of the Group and of the Company are solely located in Malaysia other than investment in a joint venture of the Group amounting to RM6,772,000 (2015: RM13,221,000) which is located in the People's Republic of China.

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 RM'000	Factory and office buildings RM'000	Plant and machinery, tools and implements RM'000	Furniture and fittings and equipment RM'000	Renovations and electrical installations RM'000	Motor vehicles RM'000	Construction- in- progress RM'000	Total RM'000
2016								
Cost								
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
Accumulated depreciation								
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
Carrying amount								
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

31 DECEMBER 2016 (continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Long-term leasehold land RM'000	Factory and office buildings RM'000	Plant and machinery, tools and implements RM'000	Furniture and fittings and equipment RM'000	Renovations and electrical installations RM'000	Motor vehicles RM'000	Construction- in- progress RM'000	Total RM'000
2015								
Cost								
As at 1 January 2015	20,857	48,680	97,662	4,447	2,547	10,027	2,526	186,746
Additions	-	244	2,414	123	-	1,314	9,056	13,151
Disposal	-	-	-	(8)	-	-	-	(8)
As at 31 December 2015	20,857	48,924	100,076	4,562	2,547	11,341	11,582	199,889
Accumulated depreciation								
As at 1 January 2015	2,455	7,411	38,367	2,904	1,730	3,732	-	56,599
Charge for the financial year	247	917	4,695	270	157	619	-	6,905
Disposal	-	-	-	(3)	-	-	-	(3)
As at 31 December 2015	2,702	8,328	43,062	3,171	1,887	4,351	-	63,501
Carrying amount								
As at 31 December 2015	18,155	40,596	57,014	1,391	660	6,990	11,582	136,388

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture and fittings	
	2016 RM'000	2015 RM'000
Cost		
At 1 January/31 December	5	5
Accumulated depreciation		
At 1 January/31 December	5	5
Carrying amount		
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 off 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 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 *Leases*.
- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	28,498	13,151
Financed by credit purchase (Note 17(d))	(901)	(579)
Cash payments on purchase of property, plant and equipment	27,597	12,572

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Group	
	2016 RM'000	2015 RM'000
Plant and machinery	2,605	2,793
Motor vehicles	199	663
	2,804	3,456

- (e) As at the end of the reporting period, certain long-term leasehold land, factory and office buildings, plant and machinery with a carrying amount of RM59,709,000 (2015: RM51,929,000) have been charged to bank for credit facilities granted to the Group as disclosed in Note 15 to the financial statements.

6. PREPAID LEASE PAYMENTS FOR LAND

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

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

Group	Balance as at 1.1.2015 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2015 RM'000
Carrying amount			
Short term leasehold land	5,992	(370)	5,622

	At 31.12.2015		Carrying amount
	Cost RM'000	Accumulated amortisation RM'000	RM'000
Short term leasehold land	7,201	(1,579)	5,622

Prepaid lease payments for land with a carrying amount of RM941,000 (2015: RM979,000) 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	
	2016 RM'000	2015 RM'000
Unquoted shares - at cost	177,900	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
		2016 %	2015 %	
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.

8. INVESTMENT IN A JOINT VENTURE

	Group	
	2016 RM'000	2015 RM'000
Unquoted equity shares, at cost	29,277	29,277
Share of post-acquisition reserves	(25,416)	(19,539)
	3,861	9,738
Exchange differences	2,911	3,483
	6,772	13,221

(a) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2016 %	2015 %	
Held through Three-A Food Industries (M) Sdn. Bhd.				
Three-A (Qinhuangdao) Food Industries Co. Ltd. #	People's Republic of China	50	50	Manufacturing and sale of food and beverage ingredients

Audited by a firm other than BDO

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

8. INVESTMENT IN A JOINT VENTURE (CONTINUED)

- (b) 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 are therefore, classified as a joint venture.

- (c) Three-A (Qinhuangdao) Food Industries Co. Ltd., the only joint venture in which the Group participates, is an unlisted separate structured entity whose quoted market price is 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 has been classified as a joint venture and has been included in the consolidated financial statements using the equity method in accordance with MFRS 128 *Investment in Associates and Joint Ventures*.
- (d) 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:

	2016 RM'000	2015 RM'000
Assets and liabilities		
Non-current assets	60,238	63,330
Current assets	8,122	9,534
Current liabilities	(54,816)	(46,422)
Net assets	13,544	26,442
Proportion of the ownership of the Group	50%	50%
Carrying amount of the investment in joint venture	6,772	13,221
Results		
Revenue	12,090	49,014
Cost of sales	(19,167)	(54,049)
Gross loss	(7,077)	(5,035)
Administrative expenses	(2,447)	(6,859)
Finance cost	(2,231)	(2,759)
Loss before tax	(11,755)	(14,653)
Taxation	-	-
Loss for the financial year	(11,755)	(14,653)
Share of loss by the Group for the financial year	(5,877)	(7,327)

8. INVESTMENT IN A JOINT VENTURE (CONTINUED)

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

	Note	Group	
		2016 USD'000	2015 USD'000
Co-operation commitments	(i)	20,000	20,000
Balance of the investment commitment in joint venture	(ii)	1,450	1,450

(i) On 5 May 2010, the Group had 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. As at the end of reporting period, the Group had invested a total amount of USD8,550,000 (2015: USD8,550,000).

(f) The exchange rate of RMB1.00: RM0.6453 (2015: RMB1.00: RM0.6612) as at end of reporting period have been used.

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

Management has 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 has determined that the recoverable amounts are in excess of the carrying amount of the investment in joint venture and no impairment has been recorded in the current year.

9. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At cost		
Raw materials	24,161	39,727
Goods-in-transit	8,212	4,640
Work-in-progress	4,584	4,503
Packing materials	1,146	1,176
Finished goods	10,745	11,629
	48,848	61,675

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

9. INVENTORIES (CONTINUED)

- (a) Cost is determined by using 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 RM279,935,000 (2015: RM274,629,000).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables				
Third parties	89,789	83,979	-	-
Related parties	181	529	-	-
	89,970	84,508	-	-
Less: Impairment losses - third parties	(956)	(956)	-	-
	89,014	83,552	-	-
Other receivables				
Amounts owing by subsidiaries	-	-	4,006	1,430
Other receivables	4	734	1	1
Staff loans	65	51	-	-
Deposits	1,303	1,690	-	-
	1,372	2,475	4,007	1,431
Loans and receivables	90,386	86,027	4,007	1,431
Prepayments	1,458	3,378	-	-
	91,844	89,405	4,007	1,431

- (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 (2015: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (c) Amounts owing by related parties are due from Seong Chan Sauce & Foodstuff Sdn. Bhd. and Three-A (Qinhuangdao) Food Industries Co. Ltd., a company in which certain Directors have financial interests and a joint venture company of the Group respectively. Amounts owing by related parties are non-interest bearing and credit terms range from 60 to 90 days (2015: 60 to 90 days) and are payable upon demand in cash and cash equivalents.
- (d) Amounts owing by subsidiaries represent non-trade transactions, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (e) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2016	2015
	RM'000	RM'000
Neither past due nor impaired	86,383	81,771
Past due and not impaired		
1 month past due not impaired	1,292	954
2 months past due not impaired	633	422
3 months past due not impaired	272	–
4 months past due not impaired	253	154
More than 5 months past due not impaired	181	251
Past due and not impaired	2,631	1,781
Past due and impaired	956	956
	89,970	84,508

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (e) The ageing analysis of trade receivables of the Group are as follows: (continued)

Receivables that are past due and impaired

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

	Individually impaired	
	2016	2015
	RM'000	RM'000
Trade receivables, gross	956	956
Less: Impairment loss	(956)	(956)
	-	-

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

	2016	2015
	RM'000	RM'000
Trade receivables		
At 1 January/31 December	956	956

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.

- (g) 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:

	2016		2015	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	50,351	57%	65,016	78%
Singapore	1,916	2%	1,494	2%
Other countries	36,747	41%	17,042	20%
	89,014	100%	83,552	100%

At the end of each reporting period, approximately 51% (2015: 47%) of the trade receivables of the Group were due from ten (10) major customers.

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (g) Credit risk concentration profile (continued)

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 instruments.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	51,712	64,317	4,007	1,431
United States Dollar	36,747	20,220	–	–
Singapore Dollar	1,916	1,490	–	–
Euro	11	–	–	–
	90,386	86,027	4,007	1,431

- (i) 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- United States Dollar	838	455	–	–
- Singapore Dollar	44	34	–	–

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

11. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	13,714	12,753	78	20
Deposits with licensed banks	15,000	–	–	–
	28,714	12,753	78	20

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

11. CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2016	2015	2016	2015
Weighted average effective interest rate (%)				
- Fixed rates	2.95%	-	-	-

- (b) Deposits of the Group have a range of maturity period of 7 days to 10 days.
- (c) No sensitivity analysis in respect of interest rate risk is presented as the effects are not significant to the Group.
- (d) The currency exposure profiles of cash and bank balances are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	17,390	1,342	78	20
United States Dollar	11,289	11,318	-	-
Singapore Dollar	31	89	-	-
Indonesian Rupiah	2	2	-	-
Philippine Peso	2	2	-	-
	28,714	12,753	78	20

- (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	
	2016 RM'000	2015 RM'000
Effects of 3% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	257	255

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

12. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM0.20 each				
Authorised	500,000	100,000	500,000	100,000
Issued and fully paid	393,600	78,720	393,600	78,720

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.

13. RESERVES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable				
Share premium	70,367	70,367	70,367	70,367
Exchange translation reserve	2,911	3,483	–	–
	73,278	73,850	70,367	70,367
Distributable				
Retained earnings	127,437	95,601	32,665	24,343
	200,715	169,451	103,032	94,710

Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is 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 is denominated in either the functional currency of the reporting entity or the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

14. DEFERRED TAX

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

	Group	
	2016 RM'000	2015 RM'000
Balance as at 1 January	14,406	14,525
Recognised in profit or loss (Note 23)	(81)	(119)
Balance as at 31 December	14,325	14,406
Presented after appropriate offsetting:		
Deferred tax assets, net	(1,540)	(903)
Deferred tax liabilities, net	15,865	15,309
	14,325	14,406

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
Balance as at 1 January 2015	15,315	84	15,399
Recognised in profit or loss	(15)	(75)	(90)
Balance as at 31 December 2015	15,300	9	15,309
Recognised in profit or loss	348	208	556
Balance as at 31 December 2016	15,648	217	15,865

Deferred tax assets of the Group

	Provisions RM'000
Balance as at 1 January 2015	(874)
Recognised in profit or loss	(29)
Balance as at 31 December 2015	(903)
Recognised in profit or loss	(637)
Balance as at 31 December 2016	(1,540)

15. BORROWINGS

	Group	
	2016	2015
	RM'000	RM'000
Non-current liabilities		
Secured:		
Term loans	11,460	6,320
Hire purchase creditors (Note 16)	777	1,368
	12,237	7,688
Current liabilities		
Secured:		
Bankers' acceptances	–	26,073
Term loans	1,967	1,178
Hire purchase creditors (Note 16)	705	631
	2,672	27,882
Total borrowings		
Secured:		
Bankers' acceptances	–	26,073
Term loans	13,427	7,498
Hire purchase creditors (Note 16)	1,482	1,999
	14,909	35,570

- (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 RM13,427,000 (2015: RM33,571,000) by the Company; and
 - (v) letters of subordination of debts by the Company to its subsidiary.
- (c) All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

15. BORROWINGS (CONTINUED)

- (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	2016		2015	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Hire purchase creditors	1,482	1,434	1,999	1,946

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 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
As at 31 December 2016				
Term loans	2,686	7,542	5,771	15,999
Hire purchase creditors	784	815	–	1,599
Total undiscounted financial liabilities	3,470	8,357	5,771	17,598
As at 31 December 2015				
Bankers' acceptances	26,073	–	–	26,073
Term loans	1,640	5,473	2,046	9,159
Hire purchase creditors	752	1,485	–	2,237
Total undiscounted financial liabilities	28,465	6,958	2,046	37,469

- (f) 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	
	2016 RM'000	2015 RM'000
- increase by 3% (2015: 3%)	(442)	(451)
- decrease by 3% (2015: 3%)	442	451

15. BORROWINGS (CONTINUED)

- (g) 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
As at 31 December 2016								
<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
As at 31 December 2015								
<u>Fixed rates</u>								
Bankers' acceptances	3.60	26,073	-	-	-	-	-	26,073
Hire purchase creditors	5.51	631	591	623	154	-	-	1,999
<u>Floating rate</u>								
Term loans	6.46	1,178	1,261	1,342	1,223	684	1,810	7,498

16. HIRE PURCHASE CREDITORS

	Group	
	2016 RM'000	2015 RM'000
Minimum hire purchase and lease payments:		
- not later than one (1) year	784	752
- later than one (1) year but not later than five (5) years	815	1,485
Total minimum hire purchase and lease payments	1,599	2,237
Less: Future finance charges	(117)	(238)
Present value of hire purchase and lease payments	1,482	1,999
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	705	631
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	777	1,368
	1,482	1,999

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

31 DECEMBER 2016 (continued)

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade payables				
Third parties	12,791	4,288	-	-
Other payables				
Amount owing to a subsidiary	-	-	-	212
Other payables	5,918	3,268	-	-
Accruals	8,473	4,519	278	254
	14,391	7,787	278	466
	27,182	12,075	278	466

- (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 (2015: 30 to 60 days).
- (c) Amount owing to a subsidiary represents non-trade transactions, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.
- (d) Included in other payables of the Group are credit purchase of property, plant and equipment amounting to RM901,000 (2015: RM579,000) as disclosed in Note 5 to the financial statements.
- (e) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	26,329	11,852	278	466
Euro	398	110	-	-
United States Dollar	411	71	-	-
Singapore Dollar	43	42	-	-
Japanese Yen	1	-	-	-
	27,182	12,075	278	466

- (f) 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	
	2016 RM'000	2015 RM'000
Effects of 3% changes to RM against foreign currencies		
Profit after tax		
- Euro	10	2
- United States Dollar	9	2
- Singapore Dollar	1	1

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

17. TRADE AND OTHER PAYABLES (CONTINUED)

- (g) 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	
	2016 RM'000	2015 RM'000
Not later than one (1) year	169	303
Later than one (1) year and not later than five (5) years	42	88
	211	391

- (b) Capital commitments

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	11,398	17,945

19. CONTINGENT LIABILITIES

	Company	
	2016 RM'000	2015 RM'000
Corporate guarantees given to banks for credit facilities granted to a subsidiary - secured	13,427	33,571

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

20. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	387,718	352,400	-	-
Dividend income from a subsidiary	-	-	15,960	11,970
	387,718	352,400	15,960	11,970

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has 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.

(b) Dividend income

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

21. FINANCE COSTS

	Group	
	2016 RM'000	2015 RM'000
Interest expense on:		
- bank overdrafts	-	23
- term loans	556	549
- bankers' acceptances	330	215
- hire purchase creditors	240	172
- others	42	-
	1,168	959

22. PROFIT BEFORE TAX

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is arrived at after charging:					
Amortisation of prepaid lease payments for land	6	56	370	-	-
Auditors' remuneration:					
- statutory		127	111	40	33
- non-statutory		8	8	8	8
Depreciation of property, plant and equipment	5	7,093	6,905	-	-
Directors' remuneration paid and payable to the Directors of the Company:					
- fees		230	203	230	203
- other emoluments		6,394	4,001	-	-
Loss on disposal of property, plant and equipment		-	1	-	-
Property, plant and equipment written off		5	-	-	-
Rental of machineries		76	83	-	-
Rental of motor vehicles		17	5	-	-
Rental of premises		363	339	-	-
And crediting:					
Gain on disposal of property, plant and equipment		17	-	-	-
Interest income		96	99	-	1
Realised foreign exchange gain		967	4,670	-	-
Rental income		97	143	-	-
Unrealised foreign exchange gain		905	32	-	-

23. TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax				
Current tax expense based on profit for the financial year	14,868	9,700	-	-
(Over)/Under provision in prior years	(260)	687	-	-
	14,608	10,387	-	-
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences	(246)	256	-	-
Under/(Over) provision in prior years	165	(375)	-	-
	(81)	(119)	-	-
	14,527	10,268	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

23. TAX EXPENSE (CONTINUED)

The Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated taxable profits for the fiscal year.

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax	53,448	30,350	15,407	11,537
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	12,828	7,587	3,698	2,884
Tax effects in respect of:				
Non-allowable expenses	1,794	2,344	132	108
Non-taxable income	-	-	(3,830)	(2,992)
Change in statutory tax rate	-	25	-	-
	14,622	9,956	-	-
(Over)/Under provision of tax expense in prior years	(260)	687	-	-
Under/(Over) provision of deferred tax in prior years	165	(375)	-	-
	14,527	10,268	-	-

24. 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	
	2016 RM'000	2015 RM'000
Profit attributable to owners of the parent	38,921	20,082
Weighted average number of ordinary shares outstanding ('000)	393,600	393,600
Basic earnings per ordinary share (sen)	9.9	5.1

(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.

25. DIVIDENDS

	Group and Company			
	2016		2015	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Interim single tier dividend	1.8	7,085	1.4	5,510

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2016.

26. EMPLOYEE BENEFITS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages, allowances and bonuses	21,527	17,117	-	-
Contributions to defined contribution plan	1,334	1,028	-	-
Social security contributions	88	75	-	-
Other employee benefits	209	220	-	-
	23,158	18,440	-	-

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM6,106,000 (2015: RM3,713,000).

27. 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 and a joint venture.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

27. RELATED PARTIES DISCLOSURES (CONTINUED)

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of products				
- Seong Chan Sauce & Foodstuff Sdn. Bhd.	945	956	-	-
- Three-A (Qinhuangdao) Food Industries Co. Ltd.	597	696	-	-
Dividend income from a subsidiary				
- San Soon Seng Food Industries Sdn. Bhd.	-	-	15,960	11,970

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 2016 is disclosed in Notes 10 and 17 to the financial statements.

(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 Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	6,174	3,810	230	203
Contributions to defined contribution plan	531	334	-	-
	6,705	4,144	230	203

28. 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 2016 and 31 December 2015.

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.

28. CAPITAL MANAGEMENT (CONTINUED)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Borrowings	14,909	35,570	–	–
Trade and other payables	27,182	12,075	278	466
Total liabilities	42,091	47,645	278	466
Less: Cash and bank balances	(28,714)	(12,753)	(78)	(20)
Net debt	13,377	34,892	200	446
Total equity	279,435	248,171	181,752	173,430
Net debt	13,377	34,892	200	446
	292,812	283,063	181,952	173,876
Gearing ratio (%)	5	12	#	#

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 for the financial year ended 31 December 2016.

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

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs**29.1 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
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012 - 2014 Cycle</i>	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONTINUED)

29.1 New MFRSs adopted during the financial year (continued)

There is no material impact upon the adoption of these Standards and Amendments during the financial year, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

- (a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- (b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

29.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

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 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	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
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</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
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group and the Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

30. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) A subsidiary of the Company, San Soon Seng Food Industries Sdn. Bhd. entered into Sale and Purchase Agreements ('SPAs') to purchase the following from third parties:
- (i) On 3 January 2017, a piece of leasehold vacant industrial land held under Title No. HSM 12526 for P.T No. 64 situated in Sungai Buloh New Village, Mukim of Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 8,094 square metres at a total consideration of RM9,500,000.
 - (ii) On 24 February 2017, a piece of leasehold industrial land held under Title No. H.S.(D) 295891 for P.T No. 583 situated in Sungai Buloh New Village, Mukim of Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan comprising an area of approximately 4,426 square metres together with a factory erected thereon at a total consideration of RM7,500,000.
- (b) Effective of the Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016 (continued)

31. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The following breakdown of the retained earnings of the Group and of the Company as at 31 December 2016 and 2015 into realised and unrealised earnings is prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	152,113	113,413	32,665	24,343
- Unrealised	12,663	13,650	-	-
	164,776	127,063	32,665	24,343
Total share of accumulated losses from joint venture				
- Realised	(25,416)	(19,539)	-	-
- Unrealised	-	-	-	-
	139,360	107,524	32,665	24,343
Less: Consolidation adjustments	(11,923)	(11,923)	-	-
Retained earnings as per financial statements	127,437	95,601	32,665	24,343

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2016 (RM'000)	Date of Acquisition	Year of Last Revaluation
Title No. PM 472 Lot 4196 Jalan Union, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	53 years (30 May 2070)	21 years	110,976	15,101	11,480	03 Oct 1995	2003
Title No. PN 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Office Building Production Factory Warehouse	Industrial Land	Leasehold 99 years	85 years (03 Jul 2102)	40 years	34,950	4,404	3,115	03 Jan 1997	2003
Title No. PN 57895 Lot 53150 (Lot 585 & 586) Jalan Industri, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Production Factory Warehouse	Industrial Land	Leasehold 99 years	85 years (03 Jul 2102)	12 years	93,032	8,768	6,966	19 May 1997	2003
Title No. H.S.(M) 4098 PT 2317 Jalan Middle, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	25 years (22 Jun 2042)	18 years	8,168	577	373	27 May 1997	2003
Title No. H.S.(M) 4651 PT 5938 Jalan Union, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	29 years (26 Jun 2046)	18 years	6,806	874	566	31 Mar 1998	2003
Title No. H.S.(M) 3999 PT Lot 584 Jalan Industri, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Production Factory	Industrial Land	Leasehold 60 years	24 years (24 May 2041)	9 years	46,005	5,396	4,335	23 Aug 2004	2010
Title No. H.S.(M) 11086 PT Lot 66 Jalan Union, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Warehouse	Industrial Land	Leasehold 99 years	53 years (30 May 2070)	7 years	87,123	7,281	6,291	05 Dec 2005	2009
Title No. H.S.(D) 264602 PT 12294 (Lot 589) Jalan Industri, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Production Factory	Industrial Land	Leasehold 60 years	53 years (25 Jul 2070)	6 years	43,560	6,019	5,128	13 Feb 2008	2008

PARTICULARS OF PROPERTIES HELD BY THE GROUP

(continued)

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2016 (RM'000)	Date of Acquisition	Year of Last Revaluation
Title No. H.S.(M) 9078 PT 669 Jalan Middle, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	37 years (19 Jul 2054)	7 years	7,631	681	580	07 Apr 2009	2009
Title No. H.S.(M) 9111 PT 27687 Jalan Industri, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Vacant	Industrial Land	Leasehold 99 years	76 years (22 Sep 2093)	-	42,281	967	893	10 Dec 2009	-
Title No. PN 67417 Lot 2306 Jalan Welfare, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 60 years	48 years (17 Jul 2065)	7 years	7,535	1,016	892	11 Jan 2010	-
Title No. H.S.(M) 14513 PT 12493 (Lot 9107 & Lot 9108) Jalan Industri, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Production Factory / Warehouse	Industrial Land	Leasehold 99 years	76 years (22 Sep 2093)	13 years (Lot 9108) 6 years (Lot 9107)	103,570	19,075	17,230 09 Oct 2009 (Lot 9107)	26 Mar 2010 (Lot 9108)	2010
Title No. H.S.(D) 288090 PT 847 Jln Khalifah Zakaria 2, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Vacant	Industrial Land	Leasehold 99 years	95 years (15 Jan 2112)	1 year	80,848	10,199	9,622	30 Apr 2010	2010
Title No. H.S.(D) 261056 PT 12202 Jalan Middle, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Hostel	Residential Land	Leasehold 99 years	91 years (21 Dec 2108)	5 years	7,623	1,025	939	12 Apr 2011	-
Title No. H.S.(D) 315850 PT 848 Jln Khalifah Zakaria 2, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Vacant	Industrial Land	Leasehold 99 years	98 years (10 Aug 2115)	-	81,128	8,055	7,056	03 Dec 2012	2013

Location	Existing Use	Types of Land	Tenure	Remaining Lease Period (Expiry Date)	Age of Property	Land Area (Sq. Feet)	Cost (RM'000)	Net Book Value as at 31 Dec 2016 (RM'000)	Date of Acquisition	Year of Last Revaluation
Title No. PM 3855 Lot 582 Jalan Industri, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Warehouse	Industrial Land	Leasehold 99 years	97 years (05 Oct 2114)	-	46,005	5,521	5,511	17 Sep 2015	2015
Title No. H.S.(M) 9109 PT 27685 Jalan Union, U19 Kg. Baru Sungai Buloh, 40160 Shah Alam, Selangor	Vacant	Industrial Land	Leasehold 99 years	76 years (22 Sep 2093)	-	48,265	3,859	3,851	17 Sep 2015	2015

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2017

Issued and Paid-up Share Capital : RM78,720,003.80 divided into 393,600,019
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		No. of Shareholdings		% of Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 99	218	0	13,469	0	0.00	0.00
100 – 1,000	277	3	192,630	2,200	0.05	0.00
1,001 – 10,000	1,935	19	10,917,340	130,100	2.76	0.04
10,001 – 100,000	1,093	13	36,954,040	407,400	9.44	0.13
100,001 – 19,679,999 *	237	9	196,488,940	6,893,900	49.90	1.71
19,680,000 and above **	1	1	80,000,000	61,600,000	20.33	15.65
TOTAL	3,761	45	324,566,419	69,033,600	82.46	17.54

	No. of Shareholders	No. of Shareholdings	% of Issued Shares
GRAND TOTAL	3,806	393,600,019	100.00

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

TOP THIRTY (30) SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same depositor)

Name of Shareholders	No. of Shares Held	% of Issued Capital
1. Fang Chew Ham Holdings Sdn. Bhd.	80,000,000	20.33
2. Wilmar International Limited	61,600,000	15.65
3. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Kwee Hock	18,574,500	4.72
4. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	18,420,980	4.68
5. Foong Chiew Fatt	15,491,060	3.94
6. Fong Chiew Hean	12,050,000	3.06
7. Fong Chu King @ Tong Chu King	10,950,000	2.78
8. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	9,712,700	2.47
9. Amanahraya Trustees Berhad Public Islamic Equity Fund	5,642,900	1.43
10. Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Apex Dana Al-Sofi-I (ADAS-I)	5,503,200	1.40
11. Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Apex Dana Al-Faiz-I (ADAF-I)	3,747,700	0.95
12. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank New York (Norges Bank 12)	3,670,500	0.93
13. Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	3,330,100	0.85

Name of Shareholders	No. of Shares Held	% of Issued Capital
14. Tan Boo Charn	3,100,000	0.79
15. HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd. for RHB Smart Treasure Fund	2,300,000	0.58
16. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Faai @ Ng Yoke Pei	2,234,900	0.57
17. Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Life Non-Par FD)	2,167,100	0.55
18. Public Invest Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yoong Fui Kien	2,048,000	0.52
19. Amanahraya Trustees Berhad Public Islamic Opportunities Fund	1,830,400	0.47
20. HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd. for Manulife Investment Progress Fund	1,669,500	0.42
21. Chan Chu Wei	1,583,000	0.40
22. Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Sharehldr's FD)	1,559,800	0.40
23. Citigroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheong Siew Chyuan	1,500,000	0.38
24. T.B.R Shopping Centre (M) Sdn. Bhd.	1,500,000	0.38
25. Chan Chai Bee	1,491,960	0.38
26. UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rentas Megah Sdn. Bhd.	1,486,500	0.38
27. Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Takaful Berhad (Shareholders FD)	1,210,000	0.31
28. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An For UOB Kay Hian Pte. Ltd.	1,205,000	0.31
29. Seong Chan Sauce & Foodstuff Sdn. Bhd.	1,102,080	0.28
30. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Ah Chai	1,088,400	0.28
Total	277,770,280	70.57

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Indirect Interest	
	No of Shares Held	% of issued Capital	No of Shares Held	% of Issued Capital
1 Fang Chew Ham Holdings Sdn. Bhd.	80,600,000	20.48	1,102,080 ⁽¹⁾	0.28
2 Wilmar International Limited	61,600,000	15.65	-	-
3 Fang Chew Ham	-	-	81,702,080 ⁽²⁾	20.76
4 Fang Siew Yee	-	-	81,702,080 ⁽²⁾	20.76

Notes:

⁽¹⁾ Deemed interest through Seong Chan Sauce & Foodstuff Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").

⁽²⁾ Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd. (80,600,000 ordinary shares) and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,102,080 ordinary shares) pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS

AS AT 20 MARCH 2017 (continued)

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1. Dato' Mohd Nor Bin Abdul Wahid	438,000	0.11	-	-
2. Fang Chew Ham	-	-	81,702,080 ¹	20.76
3. Fong Chu King @ Tong Chu King	10,950,000	2.78	1,211,980 ²	0.31
4. Chew Eng Chai	160,000	0.04	7,000 ³	negligible
5. Tan Chon Sing @ Tan Kim Tieng	-	-	2,638,000 ³	0.67
6. Fang Siew Yee	-	-	81,702,080 ¹	20.76
7. Khoo Wee Boon	-	-	-	-
8. Mohd Zaki Bin Hamzah	500,000	0.13	-	-
9. Kwek Ju-Yang, Mark (Guo Zuyang, Mark)	-	-	-	-
10. Sun You Ning	-	-	-	-
11. Liew Kuo Shin (Alternate Director to Fong Chu King @ Tong Chu King)	100,000	0.025	-	-
12. Fang Siew Ping (Alternate Director to Fang Siew Yee)	-	-	-	-
13. Sun Yi-Ling (Sun Yining) [Alternate Director to Kwek Ju-Yang, Mark (Guo Zuyang, Mark)]	-	-	-	-

Note:

1 Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd. (80,600,000 ordinary shares) and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,102,080 ordinary shares) pursuant to Section 8 of the Companies Act 2016 (the "Act").

2 Indirect interest via shareholdings of his son (109,900 ordinary shares) pursuant to Section 59 (11) (C) of the Act, and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,102,080 ordinary shares) pursuant to Section 8 of the Act.

3 Indirect interest via shareholdings of his spouse pursuant to Section 59 (11) (C) of the Act.

BURSA SECURITIES LISTING REQUIREMENTS 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 2016 are as follows:

	Company (RM)	Group (RM)
Audit Fees	40,000	127,000
Non-Audit Fees	8,000	8,000
Total	48,000	135,000

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 2016 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 Securities, the details of the recurrent related party transactions transacted during the financial year ended 31 December 2016 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. to Seong Chan	RM 945,370.00
Three-A (Qinhuangdao) Food Industries Co. Ltd. [“TA(Q)”]	Yihai Kerry Investments Co., Ltd. Wilmar International Limited Kwek Ju-Yang, Mark (Guo Zuyang, Mark) Sun Yi-Ling (Sun Yining) Sun You Ning	Sales of Caramel sauce by San Soon Seng Food Industries Sdn. Bhd. to TA(Q)	RM 596,769.48

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.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifteenth 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 Thursday, 11 May 2017 at 11.00 a.m for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **(Please see Note 2)**
2. To approve the following payments to Directors:
 - (i) Fees of RM230,000.00 for the financial year ended 31 December 2016. **(Resolution 1)**
 - (ii) Benefits of RM288,000.00 for the financial year ending 31 December 2017. **(Resolution 2)**
3. To re-elect Mr Fang Chew Ham who retires pursuant to Article 86 of the Constitution of the Company as Director. **(Please see Note 3)**
(Resolution 3)
4. To re-appoint the following as Directors of the Company:- **(Please see Note 4)**
 - (i) Mr. Fong Chu King @ Tong Chu King **(Resolution 4)**
 - (ii) Mr. Tan Chon Sing @ Tan Kim Tieng **(Please see Note 5)** **(Resolution 5)**
5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration **(Resolution 6)**

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 SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised to allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued 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 hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until 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 7)**

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 provisions of the Constitution 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 amount of ordinary 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 8)

- (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) an amount not exceeding the Company’s audited retained profits at the time of purchase(s) will be allocated by the Company for the purchase of own shares; 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 the manners as allowed by the Act.

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 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 Constitution 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.”

8. **ORDINARY RESOLUTION
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**

(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 18 April 2017, 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 9)

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (continued)

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 NON-EXECUTIVE DIRECTORS

- (i) "THAT subject to the passing of Resolution 5 above approval be and is hereby given to Tan Chon Sing @ Tan Kim Tieng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 10)**
(Please see Note 9)
- (ii) "THAT approval be and is hereby given to Chew Eng Chai who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 11)**
(Please see Note 10)
- (iii) "THAT approval be and is hereby given to Khoo Wee Boon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 12)**
(Please see Note 11)
- (iv) "THAT approval be and is hereby given to Mohd Zaki bin Hamzah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 13)**
(Please see Note 12)

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
18 April 2017

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 adjourned 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 3 May 2017 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 2016

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act, 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

3. RETIREMENT OF DIRECTORS

Besides Mr Fang Chew Ham, Mr Sun You Ning and Mr Kwek Ju-Yang, Mark (Guo Zuyang, Mark) are retiring by rotation in accordance with Article 86 of the Constitution of the Company as Directors of the Company at the Fifteenth Annual General Meeting. However, both Mr Sun You Ning and Mr Kwek Ju Yang, Mark (Guo Zuyang, Mark) had indicated to the Company that they would not be seeking for re-election at the Fifteenth Annual General Meeting. Therefore, Mr Sun You Ning and Mr Kwek Ju-Yang, Mark (Guo Zuyang, Mark) shall retire as Directors at the conclusion of the Fifteenth Annual General Meeting.

4. RE-APPOINTMENT OF DIRECTORS

The proposed Resolution 4 and Resolution 5 are to seek shareholders’ approval on the re-appointment of Mr Fong Chu King @ Tong Chu King and Mr Tan Chon Sing @ Tan Kim Tieng, who had been re-appointed in the previous Annual General Meeting held on 5 May 2016 as Directors under Section 129(6) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Directors of the Company. If passed, the proposed Resolution 4 and Resolution 5 will authorise the continuation of the Directors in office from the date of this Annual General Meeting onwards.

5. RE-APPOINTMENT OF INDEPENDENT DIRECTOR

In line with the Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee and the Board of Directors had undertaken an annual assessment on the independence of Mr. Tan Chon Sing @ Tan Kim Tieng who is seeking re-appointment at the forthcoming Annual General Meeting. Please refer to page 28 as stated in the Statement of Corporate Governance Statement contained in the Company’s Annual Report 2016 for further details.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (continued)

6. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The proposed Resolution 7 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 Fourteenth Annual General Meeting held on 5 May 2016 as there were no requirements for such fund raising activities.

The proposed Resolution 7, 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 FOR THE COMPANY TO PURCHASE ITS OWN SHARES

The proposed Resolution 8, 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 18 April 2017 in relation to the Proposed Renewal of Authority for Share Buy-Back for further details

8. PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS’ MANDATE AND PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Resolution 9, 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 18 April 2017 for further information.

9. CONTINUATION IN OFFICE FOR MR. TAN CHON SING @ TAN KIM TIENG AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

Pursuant to the Malaysian Code on Corporate Governance 2012, 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 years.

The Nomination Committee and the Board of Directors had assessed the independence of Mr. Tan Chon Sing @ Tan Kim Tieng, and recommended him to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- (i) His vast experience in finance and manufacturing industry and securities market would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- (ii) He has fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (iii) He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
- (iv) He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- (v) He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company; and
- (vi) He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

The proposed Resolution 10, if passed, will enable Mr. Tan Chon Sing @ Tan Kim Tieng to continue to act as Independent Non-Executive Director of the Company.

10. CONTINUATION IN OFFICE FOR MR. CHEW ENG CHAI AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

Pursuant to the Malaysian Code on Corporate Governance 2012, 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 years.

The Nomination Committee and the Board of Directors had assessed the independence of Mr. Chew Eng Chai, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- (i) He has fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
- (iii) He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- (iv) His vast experience in finance and manufacturing would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- (v) He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company; and
- (vi) He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

The proposed Resolution 11, if passed, will enable Mr. Chew Eng Chai to continue to act as Independent Non-Executive Director of the Company.

11. CONTINUATION IN OFFICE FOR MR. KHOO WEE BOON AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

Pursuant to the Malaysian Code on Corporate Governance 2012, 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 years.

The Nomination Committee and the Board of Directors had assessed the independence of Mr. Khoo Wee Boon, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

- (i) He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
- (ii) He has fulfilled the criteria under the definition of Independent Non-Executive Director pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (iii) He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- (iv) His vast experience in the finance and securities market would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- (v) He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company; and
- (vi) He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

The proposed Resolution 12, if passed, will enable Mr. Khoo Wee Boon to continue to act as Independent Non-Executive Director of the Company.

NOTICE OF FIFTEENTH ANNUAL GENERAL MEETING (continued)

12. CONTINUATION IN OFFICE FOR Mr. MOHD ZAKI BIN HAMZAH AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

Pursuant to the Malaysian Code on Corporate Governance 2012, 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 years.

The Nomination Committee and the Board of Directors had assessed the independence of Mr. Mohd Zaki bin Hamzah, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- (i) He has fulfilled the criteria under the definition of Independent Directors pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (ii) He has ensured effective check and balance in the proceedings of the Board and the Board Committees;
- (iii) He has actively participated in Board deliberations, provided objectivity in decision-making and an independent voice to the Board and contributed in preventing Board domination by any single party;
- (iv) His vast experience in the finance would enable him to provide the Board with a diverse set of experience, expertise and independent judgement to better manage and run the Group;
- (v) He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company; and
- (vi) He has exercised his due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director of the Company.

The proposed Resolution 13, if passed, will enable Mr. Mohd Zaki bin Hamzah to continue to act as Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (PURSUANT TO PARAGRAPH 8.27(2) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS)

Directors who are standing for re-appointment at the Fifteenth Annual General Meeting are as follows:-

1. Mr. Fong Chu King @ Tong Chu King; and
2. Mr. Tan Chon Sing @ Tan Kim Tieng

The profile of the above Directors is set out in the section entitled "Profile of Board of Directors and Key Senior Management" on pages 4 to 9.

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 Fifteenth Annual General Meeting of the Company to be held at Ballroom Level I, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday 11th May 2017 at 11.00 am at any adjournment thereof.

No.	Resolutions	FOR	AGAINST
1	To approve the payment of Directors' Fees of RM230,000.00 for the financial year ended 31 December 2016		
2	To approve the payment of Directors' benefits of RM288,000.00 for the financial year ending 31 December 2017		
3	To re-elect Mr. Fang Chew Ham as Director		
4	To re-appoint Mr. Fong Chu King @ Tong Chu King as Director		
5	To re-appoint Mr. Tan Chon Sing @ Tan Kim Tieng as Director		
6	To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
7	To grant authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
8	To approve the Proposed Renewal of Authority to purchase its own shares by the Company		
9	To approve the Proposed Renewal of existing Shareholders' Mandate and proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10	To approve Mr. Tan Chon Sing @ Tan Kim Tieng to continue to act as an Independent Non-Executive Director		
11	To approve Mr. Chew Eng Chai to continue to act as an Independent Non-Executive Director		
12	To approve Mr. Khoo Wee Boon to continue to act as an Independent Non-Executive Director		
13	To approve Encik Mohd Zaki bin Hamzah to continue to act as an Independent Non-Executive 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 _____ 2017

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

CDS Account No. :
Number of shares held:
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 adjourned 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 3 May 2017 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

Please fold here

STAMP/SETEM

THREE-A RESOURCES BERHAD

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

Please fold here

THREE-A RESOURCES BERHAD (481559-M)

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

T : +(60) 3-6156 2655 / 2930 / 6157 1301

F : +(60) 3-6156 2657 / 6157 1302

www.three-a.com.my