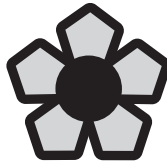


THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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TANAH EMAS CORPORATION BERHAD

Company No.: 298367-A)

(Incorporated in Malaysia under the Companies Act, 1965)

STATEMENT IN RELATION TO THE

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

IN CONJUNCTION WITH THE SPECIAL BUSINESS OF

THE COMPANY’S FOURTEENTH ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting (“AGM”) of Tanah Emas Corporation Berhad (“TECB”) which will be held at The Executive Parlour, Level 6, Sabah Hotel, KM 1, Jalan Utara, 90000 Sandakan, Sabah on Monday, 22 December 2008 at 9.30 a.m., and the accompanying Form of Proxy are enclosed together with the Annual Report of TECB for the financial year ended 30 June 2008.

You are requested to complete the Form of Proxy which is enclosed together with the Annual Report of TECB for the financial year ended 30 June 2008 and deposit it at the Registered Office of TECB at Block B, Lot 4 & 5, Bandar Kim Fung, Mile 4, Jalan Labuk, 90000 Sandakan, Sabah not less than forty-eight (48) hours before the time stipulated for holding the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting or adjourned meeting should subsequently wish to do so.

This document is dated 28 November 2008

DEFINITIONS

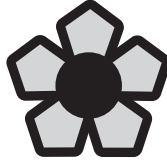
Unless otherwise indicated, the following abbreviations shall apply throughout this document:-

“Act”	:	Companies Act, 1965
“AGM”	:	Annual general meeting
“Board”	:	Board of Directors of TECB
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Code”	:	Malaysian Code on Take-overs and Mergers, 1998
“EPS”	:	Earnings per share
“LPD”	:	3 November 2008, being the latest practicable date before the printing of this document
“Listing Requirements”	:	Listing Requirements of Bursa Securities
“Market Day”	:	A day on which Bursa Securities is open for trading of securities
“Proposed Renewal of Share Buy-Back Authority”	:	Proposed renewal of authority for TECB to purchase and/or hold its own shares of an aggregate amount of up to 10% of its prevailing issued and paid-up share capital at any time
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“TECB ” or the “Company”	:	Tanah Emas Corporation Berhad
“TECB Group” or the “Group”	:	TECB and its subsidiaries
“TECB Shares”	:	Ordinary shares of RM1.00 each in TECB
“VWAP”	:	Volume weighted average market price

Words denoting the singular number only shall include the plural and also vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice versa. Reference to persons shall include corporations.

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TANAH EMAS CORPORATION BERHAD

Company No.: 298367-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:-

Block B, Lot 4 & 5
Bandar Kim Fung
Mile 4, Jalan Labuk
90000 Sandakan, Sabah

28 November 2008

Board of Directors:-

Dato' Shamsir Bin Omar (*Independent Non-Executive Chairman*)

Yap Phing Cern (*Chief Executive Officer*)

Kok Pooi Wan (*Executive Director*)

Yap Fei Chien (*Executive Director*)

Wong Chee Kiong (*Independent Non-Executive Director*)

To the shareholders of TECB

Dear Sir/Madam,

TANAH EMAS CORPORATION BERHAD

- **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

1. INTRODUCTION

At the Company's Thirteenth AGM held on 29 November 2007, TECB had obtained your approval for the renewal of the authorisation for TECB to purchase up to 22,291,257 TECB Shares representing 10% of the issued and paid-up share capital of TECB as at 28 September 2007. Such authorisation will expire at the conclusion of TECB's forthcoming AGM to be held on 22 December 2008, unless renewal is obtained.

On 21 November 2008, TECB announced its intention to seek your approval for the Proposed Renewal of Share Buy-Back Authority.

The purpose of this document is to provide you with relevant information on the Proposed Renewal of Share Buy-back Authority. The Board wishes to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM. The Notice of the AGM is set out in the Company's Annual Report for the financial year ended 30 June 2008.

You are advised to read carefully the contents of this document, before voting on the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at TECB's forthcoming AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

- 2.1** TECB is proposing to seek your approval for the renewal of the authority for TECB to purchase and/or hold its own shares of an aggregate amount of up to 10% of its prevailing issued and paid-up share capital at any time within the time period stated in Section 2.2 below. Such purchase is subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.
- 2.2** The authority from you, if renewed, shall be effective upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at TECB's forthcoming AGM until:
- (i) the conclusion of the next AGM; or
 - (ii) the expiry of the period within which the next AGM is required by law to be held,
- unless earlier revoked or varied by ordinary resolution passed by the shareholders of TECB in general meeting, whichever occurs first.
- 2.3** For illustrative purposes, based on TECB's issued and paid-up share capital and the number of treasury shares held as at the LPD of 222,912,569 TECB Shares and 3,483,300 TECB Shares respectively, the maximum number of TECB shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 21,942,926 TECB Shares.
- 2.4** As at the LPD, TECB's public shareholding spread was approximately 67.1%. For illustrative purposes, assuming that the purchase by TECB of its own shares is carried out in full based on its issued and paid-up share capital as at the LPD, and the shares are purchased from public shareholders, TECB's proforma public shareholding spread will be approximately 63.4%.
- 2.5** The Proposed Renewal of Share Buy-Back Authority will allow the Board to exercise its power to purchase TECB Shares at any time within the time period stated in Section 2.2 above, using TECB's internally generated funds and/or external borrowings.
- The actual number of TECB Shares that may be purchased will depend on the availability of funds, relevant cost factors, and market conditions and sentiments.
- Notwithstanding the above, the maximum amount of funds to be allocated for the purchase of TECB Shares under the Proposed Renewal of Share Buy-Back Authority will be subject to the amount of TECB's retained earnings and/or share premium accounts. Based on TECB's latest audited financial statements for the financial year ended 30 June 2008, the accumulated losses and share premium accounts (at Company level) were RM75.6 million and RM17.9 million respectively. The accumulated losses and share premium accounts (at Group level) stood at RM26.5 million and RM17.9 million respectively based on the unaudited financial statements of the TECB Group for the period ended 30 September 2008.
- In the event TECB purchases its own shares using external borrowings, the Board will ensure that there are sufficient funds to repay the external borrowings and that the repayment will not have any material effect on the cash flow of TECB.
- 2.6** In accordance with Section 67A of the Act, the Board may, at its discretion, deal with the purchased TECB Shares in the following manner:
- (i) cancel the TECB Shares so purchased; or
 - (ii) retain the TECB Shares so purchased as treasury shares which may be distributed as share dividends to the shareholders of TECB and/or to be resold on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or

(iii) combination of items (i) and (ii) above,

or in any other manner as may be prescribed by all applicable laws and/or regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the purchased TECB Shares shall continue to be valid until all the purchased TECB shares have been dealt with by the Directors of TECB.

In the event TECB ceases to hold all or part of the purchased TECB Shares as a result of the above, TECB may further purchase and/or hold such additional number of TECB Shares provided that the total purchased TECB Shares (including TECB Shares held as treasury shares then) does not exceed 10% of its total issued and paid-up share capital at the time of such purchase.

While the purchased TECB Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in TECB for any purpose including substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.7 Under the Listing Requirements:

- (i) TECB may only purchase its own shares on Bursa Securities at a price which is not more than 15% above the VWAP of TECB Shares for the 5 Market Days immediately preceding the date of the purchase; and
- (ii) TECB may only resell the treasury shares at a price which is:
 - (a) not less than the VWAP for the TECB Shares for the 5 Market Days immediately preceding the date of the resale; or
 - (b) not more than 5% discount to the VWAP of TECB Shares for the 5 Market Days immediately prior to the resale provided that:
 - the resale takes place no earlier than 30 days from the date of purchase; and
 - the resale price is not less than the cost of purchase of the TECB Shares being resold.

The details of TECB's purchases of TECB Shares made in the last financial year are set out in Note 26 of TECB's audited financial statements and the section entitled "Additional Compliance Information" which is enclosed in TECB's Annual Report for the financial year ended 30 June 2008.

3. RATIONALE

The Proposed Renewal of Share Buy-Back Authority Renewal, if implemented, will provide the Group with an additional option to utilise its financial resources more efficiently by purchasing TECB shares from the open market to help stabilise the supply and demand for TECB Shares traded on the Second Board of Bursa Securities and thereby support its fundamental value.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES

4.1 Potential Advantages

The potential advantages of the Proposed Renewal of Share Buy-Back Authority are as follows:-

- (a) allows the Company to take preventive measures against speculation particularly when its shares are undervalued;
- (b) may have the opportunity to realise potential capital gains if the shares so purchased are resold at prices higher than the purchase price without affecting the total issued and paid-up share capital of TECB and such proceeds may be subsequently used for investment opportunities arising in the future or as working capital; and
- (c) allows the Company flexibility in attaining its desired capital structure.

4.2 Potential Disadvantages

The Proposed Renewal of Share Buy-Back Authority, if implemented, will reduce the amount of financial resources available for distribution to shareholders and may result in the Group having to forego other investment opportunities that may emerge in the future, or deprive the Group of interest income that can be derived from the funds utilised for any purchase of TECB Shares. However, such decrease in TECB's financial resources may be temporary since the TECB Shares purchased which are retained as treasury shares may be subsequently resold.

In addition, the Group's cashflow will be affected, as any purchase of TECB Shares will reduce the Group's cashflow depending on the actual number of TECB Shares purchased and the purchase prices.

The Board does not expect the Proposed Renewal of Share Buy-Back Authority to have any material disadvantage to TECB and its shareholders as it will be implemented only after due consideration to the financial resources of the Group and of the resultant impact on TECB and its shareholders. The Board, in exercising any decision to purchase any TECB Share, will be mindful of TECB's and its shareholders' interests.

5. FINANCIAL EFFECTS

5.1 Share Capital

The effects of any purchase of the Company's own shares on the share capital of TECB will depend on whether the TECB Shares so purchased are cancelled or retained as treasury shares. The Proposed Renewal of Share Buy-Back Authority will result in the reduction of the issued and paid-up ordinary share capital of the Company if the TECB Shares so purchased are cancelled. However, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued and paid-up ordinary share capital of TECB if all the TECB Shares purchased are to be retained as treasury shares, re-sold or distributed as share dividends to its shareholders. The proforma effects of the Proposed Renewal of Share Buy-Back Authority on the share capital of TECB assuming that the TECB Shares so purchased are cancelled are set out below:-

	No. of TECB Shares	Share Capital RM
Issued and paid-up share capital as at the LPD (net of treasury shares)	219,429,269	219,429,269
Less: Maximum number of shares that may be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority	(21,942,926)	(21,942,926)
Resultant Issued and paid-up ordinary share capital	197,486,343	197,486,343

5.2 Substantial Shareholders' Interest

The effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the substantial shareholders of TECB would depend on the number of TECB Shares purchased. For illustrative purpose, assuming that the Company purchases 10% of the issued and paid-up share capital pursuant to the Proposed Renewal of Share Buy-Back Authority Renewal, and the TECB Shares purchased are subsequently cancelled, the effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the substantial shareholders of TECB are as follows:-

	As at the LPD				Assuming TECB purchases its own shares #			
	Direct		Indirect		Direct		Indirect	
	No. of TECB Shares	%	No. of TECB Shares	%	No. of TECB Shares	%	No. of TECB Shares	%
Yap Phing Cern	39,642,620	18.07	*3,701,972	1.69	39,642,620	20.07	*3,701,972	1.87
Estate of Yap Kiew	21,579,691	9.83	^5,395,872	2.46	21,579,691	10.93	^5,395,872	2.73
Lim Chun Leng	11,143,800	5.08	-	-	11,143,800	5.64	-	-

Notes:

* Deemed interested by virtue of his shareholdings in Sri Mosta Sdn. Bhd. (3,548,243 shares) and Usaga Sdn. Bhd. (153,729 shares).

^ Deemed interested by virtue of his shareholdings in Sri Mosta Sdn. Bhd. (3,548,243 shares), Usaga Sdn. Bhd. (153,729 shares) and Syarikat Kuari Sinaran Cemerlang Sdn. Bhd. (1,693,900 shares).

Assuming TECB buys back 10% of its issued and paid-up share capital as at the LPD amounting to 21,942,926 TECB Shares from public shareholders.

5.3 Directors' Interest

The effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors of TECB would depend on the number of TECB Shares purchased. For illustrative purpose, assuming that the Company purchases 10% of the issued and paid-up share capital pursuant to the Proposed Renewal of Share Buy-Back Authority Renewal, and the TECB Shares purchased are subsequently cancelled, the effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors of TECB are as follows:-

	As at the LPD				Assuming TECB purchases its own shares #			
	Direct		Indirect		Direct		Indirect	
	No. of TECB Shares	%	No. of TECB Shares	%	No. of TECB Shares	%	No. of TECB Shares	%
Dato' Shamsir Bin Omar	-	-	-	-	-	-	-	-
Yap Phing Cern	39,642,620	18.07	*3,701,972	1.69	39,642,620	20.07	*3,701,972	1.87
Kok Pooi Wan	-	-	-	-	-	-	-	-
Yap Fei Chien	241,000	0.11	-	-	241,000	0.12	-	-
Wong Chee Kiong	-	-	-	-	-	-	-	-

Notes:

* Deemed interested by virtue of his shareholdings in Sri Mosta Sdn. Bhd. (3,548,243 shares) and Usaga Sdn. Bhd. (153,729 shares).

Assuming TECB buys back 10% of its issued and paid-up share capital as at the LPD amounting to 21,942,926 TECB Shares from public shareholders.

5.4 EPS

The effects of the purchase by TECB of its own shares pursuant to the Proposed Renewal of Share Buy-Back Authority on the consolidated earnings of TECB will depend on the purchase price paid for the TECB Shares, the effective funding cost to the Group to finance such purchases and/or any loss in interest income to the Company, whilst the purchase of TECB Shares will result in a lower number of shares being taken into account for purposes of EPS computation.

5.5 Net assets per share

The effects of the Proposed Renewal of Share Buy-Back Authority on the net assets of the TECB Group will depend on the purchase price for such TECB Shares and whether the TECB Shares purchased are cancelled or retained as treasury shares. The effects on the net assets per share of the TECB Group pursuant to the Proposed Renewal of Share Buy-Back Authority depend on the following:

(i) TECB Shares purchased under the Proposed Renewal of Share Buy-Back Authority are subsequently cancelled

If the TECB Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will increase the net assets per TECB Share if the purchase price per TECB Share is lower than the net assets per TECB Share at the relevant point in time and vice-versa.

(ii) TECB Shares purchased under the Proposed Renewal of Share Buy-Back Authority are retained as treasury shares and subsequently resold

The purchased TECB Shares that are kept as treasury shares would increase the net assets per share should it later be resold at a price higher than the purchase price and vice versa. The quantum of the increase in net assets per share would depend on the actual selling price and the number of the treasury shares resold.

5.6 Dividends

The Proposed Renewal of Share Buy-Back Authority is not expected to have any material impact on the policy of the Board in recommending future dividends. However, the Board will have the option of distributing the treasury shares as share dividends to the shareholders of TECB.

5.7 Working Capital

The implementation of the Proposed Renewal of Share Buy-Back Authority is expected to reduce the working capital of the TECB Group, the quantum of which will depend on the purchase prices of the TECB Shares and the number of TECB Shares so purchased. However, the resale of the TECB Shares purchased which are retained as treasury shares will increase the Group's working capital, the quantum of which will depend on the selling prices of the treasury shares and the number of treasury shares resold.

6. IMPLICATIONS OF THE CODE

Practice Note 2.7 of the Code which deals with the purchase by a company of its own voting shares states that Part II of the Code (which is in relation to mandatory take-over offers) shall apply to the following persons:-

- (i) a director of a company, together with persons acting in concert with him (if any), who as a result of its own voting shares, obtains control in the company;
- (ii) a person, together with persons acting in concert with him (if any), who has acquired voting shares of a company at a time when he reasonably or ought reasonably to believe that the company would purchase its own voting shares and who as a result of a purchase by company, obtains control in the company;
- (iii) a director of a company, together with persons acting in concert with him (if any), who holds more than 33% but less than 50% of the voting shares of the company and who as a result of a purchase by the company of its own voting shares, increases his holding in any period of 6 months by an additional 2% or more of the voting shares of the company; and
- (iv) a person, together with persons acting in concert with him (if any), holding more than 33% but less than 50% of the voting shares of a company, who has acquired voting shares of a company at a time when he reasonably or out reasonably to believe that the company would purchase its own voting shares and who as a result of a purchase by the company, increases his holding in any period of 6 months by an additional 2% or more of the voting shares of the company.

As at the LPD, Yap Phing Cern, the Director and substantial shareholder of TECB together with other parties acting-in-concert with him (“Concerted Parties”) collectively hold approximately 32.9% of the voting shares in TECB. The future purchase by TECB of its own shares pursuant to the Proposed Renewal of Share Buy-Back Authority may result in the collective voting interest of Yap Phing Cern and the Concerted Parties in TECB to exceed 33% and thereafter increase by more than 2% in any 6-month period. As a result, Yap Phing Cern and the Concerted Parties will be required to undertake a mandatory take-over offer pursuant to Part II of the Code.

However, under Practice Note 2.9.10 of the Code, the holders of voting shares may apply for an exemption from the said mandatory take-over obligation arising from the purchase of a company’s own shares. In this regard, Yap Phing Cern and the Concerted Parties shall apply for the exemption as provided Practice Note 2.9.10 of the Code if the obligation to undertake a mandatory take-over offer pursuant to Part II of the Code is triggered as a result of the implementation of the Proposed Renewal of Share Buy-Back Authority.

7. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of shareholders at the forthcoming AGM of the Company.

8. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of TECB as a consequence of the implementation of the Proposed Renewal of Share Buy-Back Authority, none of the Directors or substantial shareholders of TECB and/or persons connected with them have any interest, direct or indirect in the Proposed Renewal of Share Buy-Back Authority or resale of treasury shares (if any) in the future.

9. DIRECTORS’ RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of TECB, and accordingly recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at TECB’s forthcoming AGM.

10. AGM

The ordinary resolution on the Proposed Renewal of Share Buy-Back Authority will be tabled at the Company’s forthcoming AGM to be held at The Executive Parlour, Level 6, Sabah Hotel, KM 1, Jalan Utara, 90000 Sandakan, Sabah on Monday, 22 December 2008 at 9.30 a.m. The said resolution is set out in the Annual Report of TECB for the financial year ended 30 June 2008.

The Notice of AGM and Form of Proxy are enclosed in the Annual Report of TECB for the financial year ended 30 June 2008, which is dispatched with this document.

Yours faithfully
For and on behalf of the Board of
TANAH EMAS CORPORATION BERHAD

Dato’ Shamsir Bin Omar
Independent Non-Executive Chairman