

THREE-A RESOURCES BERHAD ("3A" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 20% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF 3A ("PROPOSED PRIVATE PLACEMENT")

1. INTRODUCTION

On behalf of the Board of Directors of 3A ("Board"), OSK Investment Bank Berhad ("OSK") wishes to announce that the Company proposes to undertake a private placement of up to 20% of the issued and paid-up share capital of 3A.

Further details on the Proposed Private Placement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Placement size

The Proposed Private Placement will entail the issuance of up to 20% of the issued and paid-up share capital of 3A.

Based on the issued and paid-up share capital of 3A as at 30 September 2009 of RM61,600,003 comprising 308,000,019 ordinary shares of RM0.20 each ("3A Shares"), a total of up to 61,600,003 3A Shares ("Placement Shares") may be issued pursuant to the Proposed Private Placement.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on the issued and paid-up share capital of the Company on a date to be determined later upon obtaining all relevant approvals.

2.2 Basis of arriving at the issue price of the Placement Shares

The Placement Shares are proposed to be placed out at an indicative issue price of RM0.75 per Placement Share.

The issue price of RM0.75, represents a discount of approximately 12.63% to the five (5)-day WAMP up to 02 October 2009 of RM0.8584.

61,600,000 3A Shares are to be placed out at an indicative issue price of RM0.75 per Placement Share after taking into consideration the prevailing market price and liquidity of the Company's Shares.

2.3 Allocation to placees

The Placement Shares are proposed to be placed out to strategic third party investors, namely Wilmar International Limited ("Wilmar" or "Investor").

Wilmar has given a letter stating that it is interested to subscribe for 61,600,000 Placement Shares at RM0.75 per Placement Share.

Upon the completion of the Proposed Private Placement, Wilmar will emerge as new substantial shareholder of the Company with equity shareholdings of 16.67%.

In accordance with the Listing Requirements of Bursa Securities, the Placement Shares will not be placed out to the following parties:-

- i. director, major shareholder or chief executive officer of 3A or a holding company of 3A ("Interested Person(s)");
- ii. a person connected with an Interested Person; and

- iii. nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Investor is not an Interested Person or person connected with an Interested Person or a nominee corporation.

2.4 Ranking and listing of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing 3A Shares, save and except that the Placement Shares will not be entitled to any dividend, rights, allotment and/ or any other distribution that may be declared, made or paid prior to the date of allotment of the said Placement Shares.

An application will be made to Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities.

2.5 Utilisation of proceeds

Based on the indicative issue price of RM0.75 for each Placement Share, the Company is expected to raise gross proceeds of up to RM46,200,000.00 from the Proposed Private Placement. The proceeds are expected to be utilised in the following manner:-

Details of utilisation	Amount of Proceeds RM
Working capital & new overseas investment*	45,800,000
Estimated expenses	400,000
Total	46,200,000

Note:-

* Where the proceeds from the new issue of securities are to be utilised for overseas investment

The amount is expected to be fully utilised within twenty-four (24) months from the date of completion of the Proposed Private Placement.

Any variation in terms of the gross proceeds raised from the Proposed Private Placement will be adjusted against the amount allocated for working capital purposes.

Pending utilisation of proceeds from the Proposed Private Placement, the proceeds will be placed with financial institutions or short term money market instruments.

3. PURPOSE AND RATIONALE AND JUSTIFICATION FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement is to enable 3A and Wilmar to collectively venture into any future overseas investments.

4. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

4.1 Issued and paid-up share capital

The proforma effects of the Proposed Private Placement on the issued and paid-up share capital of 3A are as follows:-

	No. of Shares	RM
Issued and paid-up share capital as at 30 September 2009	308,000,019	61,600,003
<i>Shares to be issued pursuant to the Proposed Private Placement</i>	61,600,000	12,320,000
Enlarged issued and paid-up share capital	369,600,019	73,920,003

4.2 Net assets per share and gearing

Based on the latest audited consolidated financial statements of 3A as at 31 December 2008, the proforma effects of the Proposed Private Placement on the net assets ("NA") per share and gearing of the 3A Group are as follows:-

	Audited as at 31 December 2008 RM	After the Proposed Private Placement RM
Share capital	61,600,003	73,920,003
Share premium	-	33,480,000*
Retained earnings	18,041,742	18,041,742
Shareholders' equity/ Net assets	79,641,745	125,441,745
Number of ordinary shares in issue	308,000,019	369,600,022
NA per ordinary share (RM)	0.26	0.34
Borrowings (interest-bearing) (RM)	45,518,583	45,518,583
Gearing (times)	0.57	0.36

Note:-

* Assuming 61,600,000 Placement Shares are placed out at an indicative price of RM0.75 per Placement Share and after deducting estimated expenses relating to the Proposed Private Placement of approximately RM400,000.

4.3 Earnings and EPS

The Proposed Private Placement is not expected to have any material effect on the earnings of the 3A Group for the financial year ending ("FYE") 31 December 2009 as the Proposed Private Placement will only be completed in the fourth quarter of 2009.

The earnings per share ("EPS") of the 3A Group may, however be reduced correspondingly as a result of the increase in the number of 3A Shares in issue pursuant to the Proposed Private Placement.

Nevertheless, the proceeds to be raised from the Proposed Private Placement are expected to be utilised to provide additional working capital for overseas investment, which in turn are expected to contribute positively to the future earnings of 3A Group.

4.4 Substantial Shareholders' Shareholdings

Based on 3A's Register of Substantial Shareholders as at 30 September 2009, the proforma effects of the Proposed Private Placement on the substantial shareholders' shareholdings are as follows:-

Substantial Shareholders	Existing as at 30 September 2009				After the Proposed Private Placement ^{*1}			
	<----Direct---->		<-----Indirect----->		<----Direct---->		<-----Indirect----->	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
Fang Chew Ham Holdings Sdn Bhd	92,448	30.0	-	-	92,448	25.0	-	-
Fang Chew Ham	-	-	137,347 ^{*2}	44.6	-	-	137,347 ^{*2}	37.2
Lembaga Tabung Haji	16,844	5.5	-	-	16,844	4.6	-	-
Fong Chiew Hean	16,571	5.4	29,192 ^{*3}	9.5	16,571	4.5	29,192 ^{*3}	7.9
Foong Chiew Fatt	16,031	5.2	30,148 ^{*4}	9.8	16,031	4.3	30,148 ^{*4}	8.2
Fong Chu King @ Tong Chu King	11,497	3.7	33,046 ^{*5}	10.7	11,497	3.1	33,046 ^{*5}	8.9
Wilmar	-	-	-	-	61,600	16.7	-	-

Notes:-

^{*1} The Placement Shares are intended to be issued to third party investors who do not include, inter alia, substantial shareholders of 3A and/ or persons connected to them. Accordingly, it is assumed that none of the Placement Shares will be placed out to any of the existing substantial shareholders.

^{*2} Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King; his daughters Fang Siew Yee, Fang Siew Ping and Fang Chew Ham Holdings Sdn Bhd.

^{*3} Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chu King @ Tong Chu King, his spouse Yeoh Ha Wah and his son and daughter Fong Peng Man and Fong Sau Mui.

^{*4} Indirect interest via shareholdings of his siblings Foong Chiew Hean, Fong Chu King @ Tong Chu King and his daughters Foong Kin, Foong Sau Chun.

^{*5} Indirect interest via shareholdings of his siblings Foong Chiew Fatt, Fong Chiew Hean and his son Fong Peng Fai.

5. APPROVALS REQUIRED

The Proposed Private Placement is subject to the approvals being obtained from the following:-

- i. Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities;
- ii. Shareholders of 3A at an EGM to be convened; and
- iii. any other relevant authorities, if required.

The Proposed Private Placement is not conditional upon any other corporate proposals undertaken or to be undertaken by 3A.

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

None of the Directors and/ or major shareholders of 3A and/ or persons connected to them have any interests, whether direct or indirect, in the Proposed Private Placement.

7. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interest of the Company and its shareholders.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed by the fourth quarter of 2009.

9. APPLICATION TO THE AUTHORITIES

The relevant applications in respect of the Proposed Private Placement will be made to the authorities within one (1) month from the date of this announcement.

10. ADVISER

OSK has been appointed by the Company to act as the Adviser for the Proposed Private Placement.

This announcement is dated 05 October 2009.