

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

- I. PROPOSED CO-OPERATION BETWEEN THREE-A RESOURCES BERHAD AND WILMAR INTERNATIONAL LIMITED IN THE PEOPLE'S REPUBLIC OF CHINA ("PROPOSED CO-OPERATION"); AND**
 - II. PROPOSED PROVISION OF FINANCIAL ASSISTANCE BY 3A IN FAVOUR OF THE JOINT VENTURE COMPANIES TO BE INCORPORATED PURSUANT TO THE PROPOSED CO-OPERATION ("PROPOSED FINANCIAL ASSISTANCE")**
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1. INTRODUCTION

On behalf of the Board of Directors of 3A ("Board"), OSK Investment Bank Berhad ("OSK") is pleased to announce that 3A had, on 5 May 2010 entered into a framework co-operation agreement with Wilmar International Limited ("Wilmar") ("Co-operation Agreement") to invest and explore the possibility of setting up equity joint venture enterprises in the People's Republic of China ("PRC") ("Proposed Co-operation") on terms and conditions to be set out in more specific joint venture agreements to be entered into between the parties.

Pursuant to the Co-operation Agreement, Three-A Food Industries (M) Sdn. Bhd. (formerly known as Three-A Plantations (Pahang) Sdn. Bhd.) ("TAFI"), a wholly-owned subsidiary of 3A had on even date entered into a joint venture agreement with Yihai Kerry Investments Co, Ltd. ("YHK"), a wholly-owned subsidiary of Wilmar, ("JV Agreement 1") to incorporate a joint venture company in Shanhaiguan, PRC ("Proposed JV 1").

In addition to the Proposed Co-operation, OSK, on behalf of the Board wishes to announce that pursuant to paragraph 8.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), 3A proposes to render financial assistance in favour of the joint venture companies to be incorporated pursuant to the Proposed Co-operation ("Proposed Financial Assistance").

For the purpose of this announcement, the exchange rate of USD1.00 : RM3.2045 as at 4 May 2010, being the date immediately preceding the date of the Co-operation Agreement and JV Agreement 1, have been utilised throughout this announcement, unless otherwise stated.

Further details of the Proposed Co-operation, Proposed JV 1 and Proposed Financial Assistance (collectively referred to as the "Proposals") are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED CO-OPERATION AND PROPOSED JV 1

2.1 Details of the Proposed Co-operation

The Proposed Co-operation would enable 3A and Wilmar (collectively referred to as the "Party(ies)") to invest and explore the possibility of setting up equity joint venture enterprises in the PRC.

2.1.1 Salient terms and conditions of the Co-operation Agreement

- i. In furtherance of the Proposed Co-operation, the Parties agree to: -
 - (a) engage in good faith negotiations;
 - (b) unless otherwise agreed by the Parties in writing, the Parties will jointly invest up to USD40,000,000 (equivalent to approximately RM128,180,000) or such other amount as may be agreed by the Parties from time to time ("Total Aggregate Investment");

- (c) unless otherwise agreed by the Parties in writing, each Party shall contribute up to 50% of the Total Aggregate Investment;
 - (d) each Party shall be responsible for the funding of up to 50% of the Total Aggregate Investment;
 - (e) each joint venture or investment undertaken jointly by the Parties in furtherance of the Proposed Co-Operation shall be based on a separate feasibility study to be conducted;
 - (f) each Party shall be entitled to nominate their subsidiary to enter into any joint venture agreement to be executed between the Parties (or their nominees) for the purposes of setting up an equity joint venture company in any single location in the PRC ("Provincial JVA"); and
 - (g) Nothing shall restrict the rights of either Party to engage with other third parties in relation to their respective business operation in PRC or on a worldwide basis.
- ii. In respect of any joint venture company to be set up and any Provincial JVA to be entered into in furtherance of the Proposed Co-Operation, the terms and conditions shall be similar in form and substance as set out in the Provincial JVA enclosed in Schedule 1 of the Co-operation Agreement.

2.2 Details of the Proposed JV 1

Pursuant to the Co-operation Agreement, TAFI and YHK (collectively referred to as the "JV Party(ies) 1") had entered into the JV Agreement 1 for a specific joint venture in Shanhaiguan, PRC via the subscription in the share capital of the joint venture company, namely Three-A (Qinhuangdao) Food Industries Co. Ltd ("JV Co 1").

The JV Parties 1 has agreed to co-operate in the setting up of a factory in the vicinity of Shanhaiguan, PRC for the business of manufacturing and selling of food and beverage ingredients via JV Co 1.

2.2.1 Salient terms of the JV Agreement 1

- i. Amount of investment and registered capital

The total investment of the JV Co 1 shall be USD12,000,000 (equivalent to approximately RM38,454,000) and the registered capital of the JV Co 1 shall be USD5,100,000 (equivalent to approximately RM16,342,950).

The contribution of the registered capital subscribed by each JV Party 1 shall be USD2,550,000 (equivalent to approximately RM8,171,475), representing 50% share of the registered capital of JV Co 1.

- ii. Conditions precedent

The JV Agreement 1 is subject to and conditional upon the following conditions being fulfilled or waived:-

- (a) the approval for the JV Agreement 1 and Articles of Association by the relevant government department in the PRC;

- (b) the issuance of the business license of the JV Co 1 by the relevant authorities in the PRC ("Business License");
 - (c) the receipt of the written consent for making the capital contribution to the JV Co 1 from the following parties:-
 - all the relevant authorities as may be required under any rules, regulations and laws enforced in Malaysia and the PRC;
 - the directors of the JV Co 1, TAFI and YHK at a board of directors meeting to be convened;
 - the shareholder of TAFI at an extraordinary general meeting to be convened; and
 - Bank Negara Malaysia, if applicable.
 - (d) the carrying out by both the JV Parties 1 of the due diligence exercise on each other to the satisfaction of each other; and
 - (e) conduct of a feasibility study to the satisfaction of both TAFI and YHK.
- iii. Board of directors
- The board of directors will have equal representatives from the JV Parties 1.
- iv. Duration of the Proposed JV 1
- The duration of the JV Co 1 is fifty (50) years, calculated from the date of issuance of the Business License or such other period as may be agreed and approved by the JV Parties 1.

Apart from the above, the other terms of the JV Agreement 1 include amongst others, clauses on the responsibilities of the JV Parties 1, management of JV Co 1, general meeting, financial and regulatory matters.

2.3 Capital and investment outlay and sources of funding

JV Co 1 will require approximately USD12,000,000 (equivalent to approximately RM38,454,000) for the capital expenditure requirements and initial working capital of the factory.

The amount will be funded via JV Co 1's registered capital of USD5,100,000, to be contributed by the JV Parties 1 in equal proportions, as well as bank borrowings or loans from the JV Parties 1. The shareholders' loan, if any, will be provided based on the JV Parties 1 respective shareholdings in JV Co 1. The exact debt equity ratio has not been determined at this juncture.

TAFI proposes to finance its initial obligations of USD2,550,000 (equivalent to approximately RM8,171,475) from the private placement proceeds obtained by 3A in November 2009. Future capital contributions by TAFI may be obtained from 3A Group's internally generated funds, bank borrowings and/ or shareholders' loan, as may be decided by the Board from time to time.

Save as disclosed above as well as the rights of the JV Co 1 to raise further capital contributions in accordance with its business needs, the Board does not expect to incur any additional financial commitment to the JV Co 1.

2.4 Liabilities to be assumed

There are no liabilities, including contingent liabilities to be assumed by 3A/ TAFI arising from the Proposed Co-operation/ Proposed JV 1.

The loan guarantees to the third party lenders, if any, will be given in proportion to the JV Parties 1 respective shareholdings in the JV Co 1.

3. DETAILS OF THE PROPOSED FINANCIAL ASSISTANCE

Pursuant to the Proposed Co-operation, the joint venture companies to be incorporated may fund the difference between the total amount of investment and the registered capital by means of bank loans from financial institutions in the PRC or abroad or by shareholder loans from the Parties. In the event that the Parties extend shareholder loans, each JV Party shall provide loans in proportion to its respective share of the registered capital in the joint venture company. If any lender requires a loan guarantee, the Parties shall consult one another to determine whether and on what terms they are willing to provide such guarantees to such third party lender in proportion to their respective shareholding.

Pursuant to paragraph 8.23 of the Listing Requirements, the provision of loan and/ or loan guarantee is deemed to be a provision of financial assistance. Assuming that 3A extends loan or loan guarantee exceeding 5% of 3A's net assets at any point in time, the approval of the shareholders of 3A is required for the Proposed Financial Assistance.

4. INFORMATION ON THE PARTIES AND JV PARTIES 1

4.1 Information on the Parties

i. 3A

3A was incorporated in Malaysia on 21 April 1999 under the Companies Act, 1965 ("Act"). As at 30 April 2010, the authorized share capital of 3A is RM100,000,000 comprising 500,000,000 ordinary shares of RM0.20 each ("Shares") whilst its issued and fully paid-up share capital are RM73,920,003 comprising 369,600,019 Shares.

3A is an investment holding company. Its subsidiaries are involved in the business of manufacturing, production, sale, marketing and distribution of a full range of caramel colour, glucose syrup, maltose syrup, soya protein sauce (hydrolyzed vegetable protein ("HVP")), natural fermented vinegar, distilled vinegar, rice vinegar, ketchup, chili sauce, table vinegar, mayonnaise, pickles, caramel powder, HVP powder, soya sauce powder and Maltodextrin. Its products are widely used in the food manufacturing and pharmaceutical sectors such as non-dairy creamer, flavours, seasonings, sauces, beverages, dry mixes, confectionery, frozen foods and snack foods.

ii. Wilmar

Wilmar was incorporated in the Republic of Singapore as a limited liability company on 14 August 1999 under the Registration Number 199904785Z. As at 31 August 2009, the issued and fully paid-up share capital of Wilmar are USD8,414,355 (equivalent to approximately RM26,963,800) comprising 6,390,121 ordinary shares.

Wilmar is an investment holding company. Its group of subsidiaries and/ or subsidiaries are engaged in the business of operation of plantations and oil palm mills, manufacturing and production of consumer products such as edible oils, consumer pack oils, oilseed meals, specialty fats and oleochemicals and fertilizer production.

4.2 Information on the JV Parties 1

i. TAFI

TAFI was incorporated in Malaysia on 30 January 2008 under the Act. As at 30 April 2010, the authorized share capital of TAFI is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and fully paid-up share capital are and RM2 comprising two (2) ordinary shares of RM1 each.

TAFI is a wholly-owned subsidiary of 3A and is currently dormant.

ii. YHK

YHK is a corporate legal entity registered in the PRC and has its legal address at No. 958 Lu Jia Zui Road, 26th Floor, Huaneng Union Building, Pudong New Area, 200120 Shanghai, PRC.

YHK is a 100% owned direct subsidiary of Wilmar, which in turn is a major shareholder of 3A.

YHK and its subsidiaries is mainly engaged in grain and cooking oil processing, chemical processing of oil, storage and logistics and domestic and foreign trade. It is also involved in the coal business, clean energy development and real estate.

5. INFORMATION ON THE JV CO 1

As at the date hereof, the JV Co 1 has yet to be incorporated. The name of the JV Co 1 shall be Three-A (Qinhuangdao) Food Industries Co., Ltd, with its legal address at Qinhuangdao, Shanhaiguan, PRC.

The proposed registered capital of the JV Co 1 is USD5,100,000 (equivalent to approximately RM16,342,950). The equity holdings of TAFI and YHK in the JV Co 1 shall be in the proportion of 50:50 respectively. The eventual issued and paid-up share capital of the JV Co 1 is not determined at this juncture. Any subsequent capital contributions shall be based on the business activities of the JV Co 1.

The principal activities of the JV Co 1 would be in the business of manufacturing and selling of food and beverage ingredients.

6. RATIONALE FOR THE PROPOSALS

6.1 Proposed Co-operation and Proposed JV 1

The Proposed Co-operation and Proposed JV 1 are consistent with 3A's objective of seeking various strategic alliances for synergistic benefits to enable 3A to expand into new overseas market. 3A will be able to tap on the expertise and experience of Wilmar in the PRC market for its expansion plans as Wilmar through its subsidiaries and/ or associate companies has experience in conducting business operation in the PRC. The Parties recognize the potential in conducting food related manufacturing, production, sale, marketing and distribution business in the PRC due to its vast number of domestic consumers, in particular the food related products which are currently manufactured, produced and distributed by 3A.

In addition, the Board has undertaken an internal business feasibility study/ evaluation on the Proposed JV 1 which indicates positive business opportunities for the 3A Group.

The Proposed Co-operation and Proposed JV 1 combine both parties' respective resources and expertise for their mutual benefit. The Proposed Co-operation and Proposed JV 1 are expected to contribute positively to the future earnings of 3A and its subsidiaries ("3A Group") upon commercial operation of the joint venture companies.

6.2 Proposed Financial Assistance

The Proposed Financial Assistance will facilitate the granting of shareholder loan/ loan guarantee for the setting up/ development of joint venture companies to be incorporated pursuant to the Proposed Co-operation.

In order to successfully implement the Proposed Co-operation, shareholder loan/ loan guarantee may be required. The availability of such funding ensures the continued development and completion of the Proposed Co-operation.

7. INDUSTRY OVERVIEW AND PROSPECTS

7.1 Overview and prospect of the PRC's economy

In spite of the global recession, the PRC's economy grew 8.7 percent in 2009. Massive investment-led stimulus was key, but real estate investment gained prominence more recently and household consumption growth has held up very well. The domestic growth momentum continued in the first months of 2010. Exports declined in 2009 as a whole, even as the PRC gained global market share. With imports strong, external trade was a major drag on growth in 2009 and the external current account surplus declined sharply. Exports rebounded strongly through 2009, though, and exceeded the pre-crisis level in early 2010. In a heated real estate market, surging property prices triggered policy measures to expand supply and curb speculation.

Household consumption growth has remained steady. After weakening in early 2009, labor market conditions improved and employment and wage growth have held up well through early 2010. Incomes and consumption were further supported by falling consumer prices for much of 2009 (which boosted purchasing power); higher government transfers; and other measures such as lower consumption taxes for small cars and subsidies for rural consumption of electronic appliances. With government consumption also up substantially, total consumption rose by an estimated 9.7 percent in real terms in 2009.

Consumer price inflation has picked up. After price declines earlier in 2009, consumer prices picked up in the second half (year-on-year), predominantly because of higher food prices. In February, they were 2.7 percent up on a year ago. Food prices increased together with international food prices and because of unusually cold weather in the PRC in the last months of 2009. The residential component of consumer prices also rose as imputed housing rent increased in line with higher house prices and utility prices were raised. Meanwhile, with industrial raw commodity prices higher, producer prices are now also rising. This implies some further price pressure in the first half of 2010, although industrial raw commodity prices, including food, are not projected to continue to rise strongly in the medium term.

Gross domestic product ("GDP") growth for this year is projected at 9.5 percent, with a shift in the composition. Government-led investment is bound to decelerate. However, exports are likely to continue to recover amidst a pick up in the global economy and real estate activity is likely to grow strongly this year. Consumption growth should remain solid. Inflation is on course to be significant in 2010, after being negative in 2009. With global price pressures likely to be subdued amidst large spare capacity internationally, the PRC's inflation is unlikely to reach high rates in 2010. External surplus is expected to remain broadly unchanged this year.

(Source: World Bank's China Quarterly Update- March 2010)

7.2 Prospects of the JV Co 1

The prospects of the JV Co 1, which involves the setting up of a factory in the PRC for the business of manufacturing and selling of food and beverage ingredients, will be largely dependent on the prospects of the food industry in the PRC.

The PRC's economy has grown rapidly in the last few decades, and the food and drink sector has seen a boom in output with 150 per cent growth between the years of 2004 and 2008. In the first five months of year 2009, the output of the country's food industry was 1.82 trillion yuan, an increase of 14.6 percent over the same period of year 2008.

In year 2000, production of flavours, flavourings and fragrances was almost 145,000 tonnes but by year 2008 it had more than doubled to 300,000 tonnes. Increasing demand for flavours from Chinese food manufacturers has led to rapid growth in the last decade and has encouraged more foreign firms to set up their operations in the PRC.

The Asia Pacific region is said to account for 17 per cent of the global demand for flavours, and domestic demand in the PRC has been a driver for expansion. It is estimated that between 90,000 and 100,000 tonnes of the PRC's production is used by the domestic industry.

In light of the prospects of the food industry in the PRC, the Board expects the JV Co 1 to contribute positively to the future earnings of the 3A Group, upon commencement of the JV Co 1's operations, thereby translating to better returns to the shareholders of 3A in the long term.

8. RISK FACTORS

The risks factors (which may not be exhaustive) pertaining to the Proposals are set out below:-

8.1 Joint venture risks

The Proposals may potentially expose the 3A Group to new risks including those associated with the assimilation of new operations and personnel, the diversion of financial management resources from existing operations and the inability to successfully integrate the joint venture with its current business. There is no assurance that the anticipated benefits from the joint venture will be realised, and that the 3A Group will be able to generate sufficient revenue from the joint venture to offset the associated joint venture cost.

Nevertheless, the Board has and will continue to exercise due care in considering the risks and benefits associated with the Proposals and will take appropriate measures in planning the successful integration of this venture with its current business operations. Further, the 3A Group is committed towards the close monitoring of the development of the joint venture company's business in order to minimize any implementation issues or delays.

8.2 Business and operating risks

As the Proposed Co-operation and Proposed JV 1 will be in the business of manufacturing and selling of food and beverage ingredients in the PRC, the Proposed Co-operation and Proposed JV 1 will be subject to business risks inherent within the industry in the PRC. The profitability of the Proposed Co-operation and Proposed JV 1 can be adversely affected by many factors including shortages of raw materials, equipment and labour, rising cost of raw materials, adverse weather conditions, natural disasters, labour disputes, industrial accidents, changes in government legislation priorities and unforeseen circumstances.

Although 3A may undertake the necessary efforts to mitigate the various business risks and to strengthen its competitiveness, no assurance can be given that any or all of the above risk factors will not have material adverse effects on its business performance or prospects, which would in turn, affect its financial position.

8.3 Sensitivity to political, economic and regulatory factors

Like other business entities, adverse developments in political, economic, regulatory and social conditions in the countries in which the Parties intend to conduct their businesses in could materially affect the financial and business prospects of the 3A Group.

Whilst 3A strives to continue to take effective measures against such circumstances by adopting prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors in such country will not materially affect the 3A Group.

8.4 Foreign exchange risks

The Proposed Co-operation and Proposed JV 1 will operate in the PRC. Hence the 3A Group may be exposed to foreign exchange risk due to such investment and expansion. However, 3A will continue to assess the need to utilise financial instruments to hedge its currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs. There can be no assurance that any future fluctuations in exchange rates and financial crisis will not have material adverse impact on 3A's financial performance.

8.5 Investment risks

Although the Proposed Co-operation and Proposed JV 1 will carry out similar activities with 3A Group, there can be no assurance that the anticipated benefits from the joint venture will be realised. 3A will however seek to limit its investment risks by adopting prudent investment strategies and conducting feasibility assessment and reviews prior to making its investment decision.

8.6 Financing risks

As mentioned in Section 3, 3A may extend loan/ loan guarantee to the joint venture companies to be incorporated pursuant to the Proposed Co-operation. The extension of loan may pose a default risk to 3A should the joint venture companies fail to operate successfully. In relation to the loan guarantee, 3A may encounter adverse changes to the terms and conditions imposed by third party lenders.

Whilst the 3A Group will continue to review its business strategies and undertake prudent financial management, there can be no assurance that any adverse changes to the joint venture companies' business and/ or operations will not affect their ability to service its repayment obligations as and when it is due.

9. POLICIES ON FOREIGN INVESTMENT AND REPATRIATION OF CAPITAL, PROFITS AND DIVIDENDS

The Company will be appointing the relevant expert(s) to provide their written views on the PRC's policies on foreign investment and repatriation of profits in due course which will be set out in the circular to be despatched to the shareholders of 3A.

10. EFFECTS OF THE PROPOSALS

The Proposed Co-operation will not have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, net assets, gearing and earnings of the Company.

The effects of the Proposed JV 1 and Proposed Financial Assistance are as follows:-

10.1 Issued and paid-up share capital and substantial shareholders' shareholdings

The Proposed JV 1 and Proposed Financial Assistance will not have any effect on the issued and paid-up share capital and the substantial shareholders' shareholdings in 3A as the Proposed JV 1 does not involve the issuance of new shares in 3A.

10.2 Net assets and gearing

The Proposed JV 1 and Proposed Financial Assistance are not expected to have any material effect on the net assets of 3A for the financial year ended 31 December 2010 as the Proposed JV 1 is expected to commence business operations in year 2011. However, in the long term, the Proposed JV 1 and Proposed Financial Assistance are expected to contribute positively to the future net assets of the 3A Group.

The Proposed JV 1 and Proposed Financial Assistance are not expected to have any material effect on the gearing of 3A Group on the assumption that the JV Co 1 will be accounted for using the equity method of accounting.

10.3 Earnings and earnings per share

The Proposed JV 1 and Proposed Financial Assistance are not expected to have any material effect on the earnings and earnings per share of 3A for the FYE 31 December 2010. However, in the long term, the Proposed JV 1 and Proposed Financial Assistance are expected to contribute positively to the future earnings of the 3A Group.

11. APPROVALS REQUIRED

The Proposed Co-operation and Proposed Financial Assistance is subject to the approval being obtained from the shareholders of 3A at an extraordinary general meeting ("EGM") to be convened.

The Proposed JV 1 is subject to the approvals being obtained from the following:-

- a) Bank Negara Malaysia, if applicable;
- b) the shareholders of 3A at an EGM to be convened; and
- c) any other relevant authorities/ parties, as may be required under any rules, regulations and laws enforced in Malaysia and the PRC.

The Proposals are inter-conditional upon each other but are not conditional upon any other corporate proposals currently undertaken by the Company.

12. APPLICATION TO THE AUTHORITIES

Barring unforeseen circumstances, the application to the relevant authorities in relation to the Proposed JV 1, if required, is expected to be made within a period of two (2) months from the date of this Announcement.

13. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the directors and/ or major shareholders and/ or persons connected to them have any interest, whether direct or indirect, in the Proposals:-

- i. Sun Yi-Ning ("SYN"), a non-independent non-executive director of 3A, is a person connected to Wilmar; and
- ii. Wilmar, the JV Party, is a major shareholder of 3A, holding 16.67% equity interest in 3A as at 30 April 2010. YHK, the JV Party 1, is a wholly-owned subsidiary of Wilmar.

Hence, SYN ("Interested Director") and Wilmar ("Interested Major Shareholder") is deemed interested in the Proposals.

Accordingly, the Interested Director has abstained and will continue to abstain from all board deliberations and voting on the resolutions pertaining to the Proposals. The Interested Director and the Interested Major Shareholder will abstain from voting in respect of their direct and indirect interests in the Company on the resolutions pertaining to the Proposals at the forthcoming EGM. The Interested Director and Interested Major Shareholder have undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect interests in the Company on the resolutions pertaining to the Proposals at the forthcoming EGM.

14. AMOUNT TRANSACTED WITH THE INTERESTED DIRECTORS AND/ OR INTERESTED MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM FOR THE PRECEDING 12 MONTHS

As at 30 April 2010, the total amount transacted with the Interested Major Shareholder for the preceding 12 months were RM46.2 million, being the proceeds received pursuant to the private placement by 3A.

15. STATEMENT BY BOARD AND THE AUDIT COMMITTEE

The Board and the Audit Committee is of the opinion that the Proposals are in the best interest of the 3A Group and the terms of the Proposals are fair, reasonable and on normal commercial terms and hence will not be detrimental to the interest of the minority shareholders.

The view of the Board and the Audit Committee was arrived at after having considered the terms and conditions of the Co-operation Agreement and JV Agreement 1, the rationale for the Proposals, prospects of the Proposed Co-operation/ Proposed JV 1 as well as the potential positive effects of the Proposed JV 1 on the 3A Group.

16. ESTIMATED TIMEFRAME FOR IMPLEMENTATION AND COMPLETION

The Proposed JV 1 is expected to commence operations upon completion of the setting up of the factory in year 2011. The duration of the Proposed JV 1 is fifty (50) years, calculated from the date of issuance of the Business License or such other period as may be agreed and approved by the JV Parties 1.

The Proposed Financial Assistance shall continue to be in existence, depending on the duration of the joint venture companies to be incorporated pursuant to the Proposed Co-operation.

17. PERCENTAGE RATIO

The highest percentage ratio for the Proposals under paragraph 10.02(g) of the Listing Requirements is 47.04% based on the latest audited financial statements of the 3A Group for the financial year ended 31 December 2009.

18. ADVISERS

OSK Investment Bank Berhad has been appointed as Adviser to the Company for the Proposals.

In view of the interests of the Interested Director and Interested Major Shareholder as set out in Section 13 above, the Proposed Co-operation and Proposed JV 1 is deemed as a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements. In this respect, HwangDBS Investment Bank Berhad has been appointed to act as the Independent Adviser to provide the non-interested directors and minority shareholders of 3A with an independent evaluation of the Proposed Co-operation and Proposed JV 1.

19. DOCUMENTS FOR INSPECTION

The Co-operation Agreement and JV Agreement 1 will be made available for inspection at the registered office of 3A at AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan during normal business hours on Mondays to Fridays (excluding public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 5 May 2010.