

Acquisition of Properties by San Soon Seng Food Industries Sdn. Bhd. (179092-H), a wholly-owned subsidiary of Three-A Resources Berhad (481559-M)

The Board of Directors of Three-a Resources Berhad (481559-M) ("3-A") wishes to announce that its wholly-owned subsidiary namely San Soon Seng Food Industries Sdn. Bhd. (179092-H) has on 3 December 2012 entered into a Sale and Purchase Agreement ("SPA") with Mdm. Chong Foong Tai (l/c No.330725-05-5044) of AL 265, Jalan Kampung Baru, 47000 Sungai Buloh, Selangor Darul Ehsan (hereinafter referred to as the "Vendor to purchase a leasehold land held under No. Hakmilik No. HS(M) 1366 for PT No. 848, Mukim Sungai Buloh, District of Petaling, State of Selangor Darul Ehsan comprising an area of approximately 0.7537 hectares (1 acres, 3 Road 18.0000 poles) (the said land is a leasehold 60 years lease property expiring on 20 January 2030 with restriction in interest which cannot be sold without the consent in writing from the relevant authorities having been first had and obtained) ("the Property"), vacant possession and free from encumbrances for a total cash consideration of RM5,000,000.00. ("the Purchase")

Details of the Purchase

1.1. Particulars of the Property

Location

The leasehold land is situated in Sungai Buloh New Village and is held under Hakmilik No. HS(M) 1366 for PT No. 848, Mukim Sungai Buloh, District of Petaling, State of Selangor comprising an area of approximately 0.7537 hectares (1 Ekar 3 Road 18.0000 poles and of which the said Property is a leasehold 60 years lease property expiring on 20 January 2030.

The category of land use for the above Property is commercial category. Currently, the said property is vacant land.

The Company is unable to disclose the date of Acquisition by the Owner, original purchase price paid by the Owner and net book value of the said land as it is not privy to this information.

The Purchase is acquired in its existing condition, free from encumbrances and with vacant possession and there is an express restriction in interest attached to the said Property which cannot be sold without the consent in writing from the relevant authorities having been first had and obtained

- 1.2 The total cash consideration of RM5,000,000.00 was arrived at on a willing buyer willing seller basis after taking into consideration of the current market value of the neighbouring properties transacted. The purchase consideration will be fully satisfied by cash in accordance to the terms and conditions as stipulated in the SPA.

1.3 Liabilities to be assumed

There was no liability including contingent liabilities and guarantees, to be assumed by 3A arising from the Purchase

2. Information on the Vendor

Mdm. Chong Fong Tai (I/c No.330725-05-5044) is a Malaysian Business lady residing at AL 265, Jalan Kampung Baru, 47000 Sungai Buloh, Selangor Darul Ehsan.

3. Rationale for the Purchase

The purchase of the Property will benefit the Group as the manufacturing operations are expanding, the Group require more space for its operations. The purchase price of the said Property is deemed to be reasonable and the locality is within the Sungai Buloh region where the current manufacturing operations are located. The said locality also offers good capital appreciation potential.

4. Effect on the Purchase

4.1 Share Capital

The purchase price of RM5,000,000 will be financed through existing bank facilities and internally-generated funds within the Group. The Purchase is not expected to have any material effect on the issued and paid up share capital of 3A.

4.2 Earnings and Net Assets

The Purchase is an outright purchase of property and has no material effect on the net profits of the Company and of the Group for the financial year ending 31 December 2012. The Purchase is not expected to have a material effect on the net assets per share of the Group for the financial year ending 31 December 2012 and the earnings of the Company and of the Group for the financial year ending 31 December. However, it is expected to contribute positively to the future earning prospects of the Company and of the Group.

4.3 Gearing

The Purchase will not have any material impact on the gearing of 3A.

5. Salient Features of the Purchase

Conditions Precedent

The sale of the Property is subject to conditional upon the approval of the State Authority consent or any other condition set by government to prohibit the Vendor from selling the Property to the Purchaser.

The Vendor shall within fourteen (14) days from the date of execution of the SPA submit to the relevant authority to apply for the Consent to transfer in favour the Purchaser.

In the event if the Consent is rejected by the State Authority for any reason whatsoever or couldn't be obtained for the period of nine (9) months from the date of the SPA, the Vendor shall at their own cost and expenses expeditiously and without undue delay within 30 days from the notice by the State Authority or from the expiry of the six (6) months period do and take or caused to be done and take whatsoever steps as may be required to appeal to the relevant State Authority for the said Consent to Transfer;

In the event the consent to Transfer is still not obtained within the 90 days, the SPA shall be deemed terminated and the Vendor shall refund to the Purchaser the Deposit and all other moneys free from interest upon receipt of the notice of such rejection. Thereafter, the SPA will be considered null and void and have no further effect and neither party hereto shall have any claims of whatsoever nature against each other, save and except for any antecedent breach.

Prior to the SPA, the Purchaser has paid to the Vendor's solicitor, a sum of RM100,000 as the two (2%) percent deposit as stakeholder and to be paid to the Vendor upon execution of the SPA (referred to as "Earnest Deposit"). Upon execution of the SPA, a sum of RM900,000.00 be paid to the Vendor as eight (8%) deposit (hereinafter referred to as "the Balance Deposit"). The Deposit shall form part payment towards the Purchase Price of the Property. The abovementioned payments collectively referred to as "the 10% Deposit".

The balance of the Purchase Price of RM4,000,000.00 shall be paid to the Vendor within three (3) months from the date of the Purchaser's solicitor received the Consent (hereinafter referred to as "the Completion Date") and subject to the extension of time, terms and conditions hereinafter appearing.

If the Completion Date falls on a Sunday or a public holiday, completion shall take place on such other day as may be opened by the parties or in default of such agreement on the day other than a Sunday or public holiday next following the Completion Date.

Upon receipt by the Vendor's Solicitors of the balance of Purchase Price as stakeholders for the Vendor, the Purchaser shall be deemed to have discharged in full the Purchaser's obligations to pay the Purchase Price to the Vendor.

In the event if the Purchaser fail to pay the balance of Purchase Price within the Completion Date, the Vendor shall automatically grant to the Purchaser an extension of time of one (1) month (hereinafter referred to as "the Extended Completion Date") to pay the same provided that the Purchaser shall pay late payment interest at the rate of eight (8%) per centum per annum ("the Interest Rate") calculated on daily basis on the outstanding amount of the balance of

Purchase Price at the Interest Rate commencing on the day next following the Completion Date which interest shall be paid contemporaneously with the balance of Purchase Price. For avoidance of doubt, no interest shall be payable in respect of any sum received by the Vendor's solicitors as stakeholders for the Vendor notwithstanding that such sum may not be immediately payable to the Vendor.

6. Approval Sought

The Purchase is not subject to the approval of the shareholders of the Company or from any relevant authorities.

7. Percentage Ratio

The highest percentage ratio for this collective Purchase is computed based on the audited financial statement of 3A as at 31 December 2011 is 2.49%

8. Interest of Directors, Substantial / Major Shareholders and Persons Connected

None of the Directors and/or substantial / major shareholders of 3A or persons connected to them have any interest, direct or indirect in the Purchase.

9. Departure from the Securities Commission's Policies and Guidelines on Issue / Offer of Securities

To the best knowledge of the Board, the Disposal has not departed from the Securities Commission's Policies and Guidelines on Issue / Offer of Securities.

10. Statement by Directors

The Board of Directors of 3A of the opinion that the Disposal is in the best and long term interests of 3A and its group of subsidiaries.

The Purchase is fair, reasonable and on normal commercial terms and are not detrimental to the interest of the minority shareholders.

11. Completion Time Frame

Barring unforeseen circumstances, the purchase is expected to be completed by May 2013.

13. Documents available for inspection

The Sale and Purchase Agreement is available for inspection at the registered office of 3A at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19 Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan during normal business hours for a period of three months from the date of this announcement.

This announcement is dated 3 December 2012.