

LTKM BERHAD (“LTKM” OR THE “COMPANY”)

- (I) PROPOSED BONUS ISSUE
 - (II) PROPOSED SHARE SPLIT
 - (III) PROPOSED ESOS
 - (IV) PROPOSED M&A AMENDMENT
-

1. INTRODUCTION

On behalf of the Board of Directors of LTKM (“**Board**”), Hong Leong Investment Bank Berhad (“**HLIB**”) wishes to announce that LTKM proposes to undertake the following corporate proposals:

- (i) bonus issue of 21,684,001 new ordinary shares of RM1.00 each in LTKM (“**LTKM Shares**”) (“**Bonus Shares**”) to be credited as fully paid-up, on the basis of 1 Bonus Share for every 2 existing LTKM Shares held, on an entitlement date to be determined later (“**Bonus Issue Entitlement Date**”) (“**Proposed Bonus Issue**”);
- (ii) share split involving the subdivision of every 1 existing LTKM Share held into 2 new ordinary shares of RM0.50 each in LTKM (“**Subdivided Shares**”), on an entitlement date to be determined later (“**Share Split Entitlement Date**”) (“**Proposed Share Split**”);
- (iii) establishment of an employee’s share option scheme (“**ESOS**” or “**Scheme**”) of up to 10% of the issued and paid-up ordinary share capital of LTKM (excluding treasury shares, if any) at any point in time during the duration of the Scheme for eligible employees and Directors (including non-executive Directors) of LTKM and its subsidiaries (excluding subsidiaries which are dormant) (“**LTKM Group**”) (“**Proposed ESOS**”); and
- (iv) amendments to the Memorandum and Articles of Association (“**M&A**”) of LTKM to facilitate the Proposed Share Split (“**Proposed M&A Amendment**”).

The Proposed Bonus Issue, Proposed Share Split, Proposed ESOS and Proposed M&A Amendment are collectively referred to as the “**Proposals**”.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Details of the Proposed Bonus Issue

LTKM proposes to undertake a bonus issue of 21,684,001 Bonus Shares to be credited as fully paid-up, on the basis of 1 Bonus Share for every 2 existing LTKM Shares held by the shareholders of LTKM on the Bonus Issue Entitlement Date (“**Bonus Issue Entitled Shareholders**”).

The Proposed Bonus Issue would result in the issued and paid-up ordinary share capital of LTKM increasing from RM43,368,002 comprising 43,368,002 LTKM Shares to RM65,052,003 comprising 65,052,003 LTKM Shares.

In determining the shareholders’ entitlements to the Proposed Bonus Issue, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as the Board, in their discretion, thinks expedient and in the best interests of the Company.

The Bonus Issue Entitlement Date will be determined at a later date upon the receipt of all relevant approvals for the Proposed Bonus Issue. The Proposed Bonus Issue will not be implemented on a staggered basis.

2.1.2 Capitalisation of reserves

Based on the audited financial statements of LTKM as at 31 March 2014, the Company's retained earnings and share premium stood at RM33.88 million and RM2.47 million, respectively. Based on the 9-month financial period ended 31 December 2014, the Company's retained earnings and share premium stood at RM32.56 million and RM2.47 million, respectively. The Proposed Bonus Issue will be capitalised from the retained earnings and share premium of LTKM after the full payment of the final dividend declared and paid amounting to RM4.34 million and the interim dividend declared and payable amounting to RM4.34 million. The final and interim dividends are collectively referred to as "Dividends".

An illustration of the changes on the retained earnings and share premium at Company level, after adjusting for the full payment of Dividends declared and paid/payable, is set out below:

Company Level	Audited as at 31 March 2014		Unaudited as at 31 December 2014	
	Retained Earnings (RM'000)	Share Premium (RM'000)	Retained Earnings (RM'000)	Share Premium (RM'000)
Existing	33,876	2,467	32,560	2,467
Final dividend declared and paid ⁽¹⁾	(4,337)	-	-	-
Interim dividend declared and payable ⁽²⁾	(4,337)	-	(4,337)	-
	25,202	2,467	28,223	2,467
Capitalisation for the Proposed Bonus Issue	(19,467)	(2,217)	(19,467)	(2,217)
Estimated expenses for the Proposals	-	(250)	-	(250)
After the Proposed Bonus Issue	5,735	-	8,756	-

Notes:

- (1) Being the single-tier final dividend of 10% per LTKM Share (equivalent to 10 sen per LTKM Share) in respect of the Financial Year Ended ("FYE") 31 March 2014 amounting to RM4.34 million, which was approved by shareholders on 23 September 2014 and paid on 3 October 2014 ("Final Dividend").
- (2) Being the single-tier interim dividend of 10% per LTKM Share (equivalent to 10 sen per LTKM Share) in respect of the FYE 31 March 2015 amounting to RM4.34 million, which was declared on 26 February 2015 and payable on 8 April 2015 ("Interim Dividend").

Please refer to Section 5.2 of this announcement for further details on the effects to the consolidated retained earnings of the LTKM Group as a result of the amount to be capitalised pursuant to the Proposed Bonus Issue.

The Board confirms that based on the latest audited financial statements for the FYE 31 March 2014 and latest unaudited financial statements for the financial period ended 31 December 2014, after taking into consideration the Final Dividend declared and paid and the Interim Dividend declared and payable, LTKM will have adequate retained earnings for the capitalisation of the Proposed Bonus Issue and LTKM's reserves are unimpaired by any losses on a consolidated basis in accordance with Paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

2.1.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing LTKM Shares, save and except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the Bonus Shares.

2.1.4 Listing of and quotation for the Bonus Shares

Approval for the listing of and quotation for the Bonus Shares will be sought from Bursa Securities.

Upon obtaining all the necessary approvals, the Bonus Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Bonus Issue Entitlement Date. The notices of allotment for the Bonus Shares will be issued and despatched to the Bonus Issue Entitled Shareholders no later than 4 market days after the date of listing and quotation for the Bonus Shares, or such other period as may be prescribed by Bursa Securities.

2.2 Proposed Share Split

2.2.1 Details of the Proposed Share Split

The Proposed Share Split entails subdivision of every 1 existing LTKM Share held by the shareholders of LTKM into 2 Subdivided Shares on the Share Split Entitlement Date ("**Share Split Entitled Shareholders**").

Upon the completion of the Proposed Bonus Issue, the issued and paid-up ordinary share capital of LTKM will be RM65,052,003 comprising 65,052,003 LTKM Shares. Accordingly, upon the completion of the Proposed Bonus Issue and the Proposed Share Split, the issued and paid-up ordinary share capital of the Company will be RM65,052,003 comprising 130,104,006 Subdivided Shares.

No suspension will be imposed on the trading of LTKM Shares on Bursa Securities for the purpose of implementing the Proposed Share Split.

2.2.2 Ranking of the Subdivided Shares

The Subdivided Shares to be issued pursuant to the Proposed Share Split shall, upon allotment and issuance, rank *pari passu* in all respects with each other.

2.2.3 Listing of and quotation for the Subdivided Shares

An application will be made to Bursa Securities for the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities.

Upon obtaining all the necessary approvals, the Subdivided Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Share Split Entitlement Date. The notices of allotment for the Subdivided Shares will be issued and despatched to the Share Split Entitled Shareholders no later than 4 market days after the date of the listing of and quotation for the Subdivided Shares, or such other period as may be prescribed by Bursa Securities.

2.3 Proposed ESOS

2.3.1 Details of the Proposed ESOS

LTKM proposes to establish an ESOS which will involve the granting of options to subscribe for new ordinary shares in LTKM ("**Options**") to employees and Directors of the LTKM Group who meet the eligibility criteria for participation in the Proposed ESOS ("**Eligible Person(s)**"), in accordance with the by-laws governing the Proposed ESOS ("**By-Laws**").

The Proposed ESOS will be administered by a committee consisting of such number of person(s) as shall be appointed by the Board from time to time in accordance with the By-Laws ("**Option Committee**"). Under the Proposed ESOS, an Eligible Person may, at the discretion of the Option Committee, be offered a certain number of the Options ("**Offer**"), based on the criteria mentioned in Section 2.3.4 below on the relevant offer dates ("**Date of Offer**").

2.3.2 Maximum number of new ordinary shares in LTKM under the Proposed ESOS

At any one time during the duration of the Proposed ESOS, the aggregate number of ordinary shares in LTKM comprised in:

- (i) exercised Options;
- (ii) unexercised Options; and
- (iii) unexpired Offers pending acceptances by the Eligible Persons,

shall not exceed an amount equivalent to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.

2.3.3 Basis of allotment and maximum allowable allotment

Subject to any adjustments which may be made under the By-Laws, the aggregate maximum number of new ordinary shares in LTKM that may be offered under the Proposed ESOS to any Eligible Person shall be determined by the Option Committee at its sole and absolute discretion, after taking into consideration, amongst others, the Eligible Person's seniority, performance and length of service, subject to the following:

- (i) that the aggregate number of new ordinary shares in LTKM comprised in the Options made available under the Proposed ESOS shall not exceed the amount stipulated in the By-Laws, but the Option Committee shall not be obliged in any way to offer an Eligible Person the Options for all the specified maximum number of ordinary shares in LTKM; and
- (ii) that not more than 10% of the new ordinary shares in LTKM available under the Proposed ESOS at the point when the Offer is made shall be allocated to any individual Eligible Person, who, either singly or collectively through persons connected (as defined in Paragraph 1.01 of the Listing Requirements) with such Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares) of LTKM.

No Directors and employees shall participate in the deliberation or discussion of the number of the Options to be offered to them under the Scheme.

The Option Committee shall have the sole absolute discretion to determine the aggregate allocation to the Directors and senior management of the LTKM Group under the Proposed ESOS, but in any case, it shall not exceed the aggregate maximum number of new ordinary shares in LTKM that may be offered under the Proposed ESOS.

The non-executive Directors of LTKM who are entitled to the Options under the Proposed ESOS must not sell, transfer or assign new ordinary shares in LTKM obtained through the exercise of the Options awarded to them, if any, within 1 year from the Date of Offer.

2.3.4 Eligibility

Any employee or Director of the LTKM Group, shall be eligible to participate in the Scheme if the employee or Director is, at the Date of Offer at least 18 years of age and is:

- (i) an employee who has been confirmed and who has been in the employment of the LTKM Group for at least 1 year of continuous service including the service during the probation period or contract period with the LTKM Group; or
- (ii) a Director of a company within the LTKM Group who has served for at least 1 year in the LTKM Group and whose specific entitlement/ allotment under the Scheme is approved by the shareholders of the Company in a general meeting, and who is not prohibited or disallowed by the relevant authorities from participating in the Scheme; or
- (iii) fulfils any other criteria as may be determined by the Option Committee from time to time as it may deem appropriate.

Each Director can only participate in the Scheme in one capacity irrespective of the number of directorships or positions he holds in the LTKM Group (excluding subsidiaries which are dormant).

2.3.5 Duration

Subject to the By-Laws, the Scheme shall be in force for a period of 5 years from the effective date of implementation of the Scheme ("**First Five Years**"), which shall be the date of full compliance with all relevant requirements of the Listing Requirements in relation to the Proposed ESOS. On or before the expiry of the Scheme, the Option Committee shall have the absolute discretion, without the approval of the Company's shareholders in general meeting, to extend the duration of the Scheme for up to a further 5 years or such shorter period as it deems fit immediately after the expiry of the First Five Years.

The tenure of the Scheme shall not be more than 10 years from the effective date of the implementation of the Scheme.

2.3.6 Subscription price

Subject to any adjustment in accordance with the By-Laws, the price at which an Eligible Person is entitled to subscribe for new ordinary shares in LTKM upon the exercise of the Options to be granted pursuant to the Proposed ESOS ("**Subscription Price**") shall be the higher of the following:

- (i) a price to be determined by the Option Committee based on the weighted average market price of the ordinary shares in LTKM for the 5 market days immediately preceding the Date of Offer on which the ordinary shares in LTKM were traded, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme; or
- (ii) the par value of the ordinary shares in LTKM.

2.3.7 Ranking of new ordinary shares in LTKM

The new ordinary shares in LTKM to be issued pursuant to the exercise of the Option will, upon allotment and issuance, rank *pari passu* in all respects with the existing ordinary shares in LTKM, save and except that the new ordinary shares in LTKM will not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid to shareholders, for which the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares in LTKM to be issued pursuant to the exercise of the Options.

The new ordinary shares in LTKM will be subject to all provisions of the Articles of Association of the Company.

2.3.8 Listing of and quotation for the new ordinary shares in LTKM to be issued pursuant to the exercise of the Options

An application will be made to Bursa Securities for the listing of and quotation for the new ordinary shares in LTKM to be issued pursuant to the exercise of the Options on the Main Market of Bursa Securities.

2.4 Proposed M&A Amendment

2.4.1 Details of the Proposed M&A Amendment

To facilitate the Proposed Share Split, the Company proposes to amend the M&A of the Company as follows:

- (i) Proposed M&A Amendment to the M&A to facilitate the subdivision of the par value of the existing LTKM Shares of RM1.00 each to RM0.50 each; and

- (ii) Alteration of the authorised share capital of LTKM, whereby the authorised share capital of RM100,000,000 comprising 100,000,000 LTKM Shares will be amended to RM100,000,000 comprising 200,000,000 Subdivided Shares.

3. UTILISATION OF PROCEEDS

Save for the Proposed ESOS, no proceeds will be raised from the Proposals as the Bonus Shares to be issued and transferred to the Bonus Issue Entitled Shareholders would not require any payment by them.

The actual proceeds to be received by the Company, pursuant to the exercise of the Options under the Proposed ESOS would depend on, amongst others, the actual number of Options granted and exercised at the relevant point of time and the Subscription Price.

As such, the amount of proceeds to be received from the exercise of the Options is not determinable at this juncture. However, the Company intends to utilise the proceeds arising from the exercise of the Options for the working capital requirements of the LTKM Group, as and when received. The working capital would be used to fund the LTKM Group's day-to-day operations to support existing business operations which shall include, but not limited to, the payment of trade and other payables, employees, marketing and administrative expenses.

Pending the utilisation of the proceeds by LTKM, the proceeds would be placed in interest-bearing deposit accounts or investments in money markets as the Board may deem fit.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Bonus Issue

The Proposed Bonus Issue aims to reward the Bonus Issue Entitled Shareholders for their loyalty and continuing support, by enabling them to have a greater participation in the equity of the Company in terms of number of shares held, whilst maintaining their percentage of equity interest. In addition, the Proposed Bonus Issue is expected to improve the trading liquidity and affordability of the ordinary shares in the Company on Bursa Securities while increasing the capital base of the Company.

4.2 Proposed Share Split

The Proposed Share Split is expected to enhance the marketability and trading liquidity of LTKM's ordinary shares as a result of the increase in the number of shares in issue. The Proposed Share Split would not have any direct impact on the market capitalisation of the Company. However, the Proposed Share Split would result in an adjustment to the market price of LTKM's ordinary shares to a more affordable entry price which is expected to appeal to a wider group of public shareholders and/or investors. The Proposed Share Split would also enable the existing shareholders of the Company to have a larger number of shares in the Company while maintaining their percentage of equity interest.

4.3 Proposed ESOS

The Board proposes to establish the Proposed ESOS to:

- (i) provide an opportunity for Eligible Persons to participate as shareholders of the Company and inculcate a greater sense of belonging and dedication as Eligible Persons are given the opportunity to participate in the equity of the Company upon exercising their Options;
- (ii) reward and retain Eligible Persons whose services are vital to the continued growth of the LTKM Group;
- (iii) motivate Eligible Persons towards better performance through greater loyalty and productivity to the LTKM Group; and

- (iv) make the LTKM Group's remuneration scheme more competitive to attract more skilled and experienced individuals to join the LTKM Group and contribute to its continued growth.

The Proposed ESOS, which is also extended to the non-executive Directors of the Company, is to recognise and reward their contributions and effort as they play a constructive role in contributing towards the growth and performance of the LTKM Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution as well as enable LTKM to attract and retain capable individuals to act as non-executive Directors of the Company who will assist in the overall strategic decisions of the LTKM Group.

4.4 Proposed M&A Amendment

The Proposed M&A Amendment is undertaken to facilitate the implementation of the Proposed Share Split.

5. EFFECTS OF THE PROPOSALS

The Proposed M&A Amendment will not have any impact on LTKM's issued and paid-up ordinary share capital, net assets ("NA") and gearing, earnings and earnings per share ("EPS") and substantial shareholders' shareholdings.

5.1 Share capital

The proforma effects of the Proposed Bonus Issue, Proposed Share Split and Proposed ESOS on the issued and paid-up ordinary share capital of LTKM is as follows:

	Par value RM	No. of LTKM/ Subdivided Shares	RM
Existing as at 1 April 2015, being the last practicable date for this announcement ("LPD")	1.00	43,368,002	43,368,002
To be issued pursuant to the Proposed Bonus Issue	1.00	21,684,001	21,684,001
Upon completion of the Proposed Bonus Issue	1.00	65,052,003	65,052,003
After the Proposed Share Split	0.50	130,104,006	65,052,003
Upon full grant and exercise of the Options pursuant to the Proposed ESOS	0.50	13,010,400	6,505,200
Enlarged issued and paid-up ordinary share capital	0.50	143,114,406	71,557,203

For the avoidance of doubt, the Proposed ESOS is not expected to have any immediate effect on LTKM's issued and paid-up ordinary share capital until and unless new ordinary shares in LTKM are issued pursuant to the exercise of the Options granted and vested under the Scheme. LTKM's issued and paid-up ordinary share capital would increase progressively depending on the number of new ordinary shares in LTKM which are issued pursuant to the exercise of the Options.

5.2 NA and gearing

Save for the potential impact of the Malaysian Financial Reporting Standards 2 ("MFRS 2") as elaborated in Section 5.3 below, the Proposed ESOS is not expected to have an immediate effect on the consolidated NA, consolidated NA per share and the gearing of the LTKM Group until such time that the Options granted pursuant to the Proposed ESOS are exercised. The proforma effects will depend on, amongst others, the number of new ordinary shares in LTKM to be issued upon the exercise of the Options and the Subscription Price.

Upon the exercise of the Options, the NA per share of the LTKM Group is expected to increase if the Subscription Price is higher than the NA per share at such point of exercise, and decrease if the Subscription Price is lower than the NA per share at such point of exercise.

The proforma effects of the Proposed Bonus Issue and Proposed Share Split on the consolidated NA and gearing of the LTKM Group are as follows:

		Proforma I	Proforma II	Proforma III
	Audited as at 31 March 2014 (RM'000)	Adjustment for the Dividends ⁽¹⁾ payment (RM'000)	After Proforma I and the Proposed Bonus Issue (RM'000)	After Proforma II and the Proposed Share Split (RM'000)
Share capital	43,368	43,368	65,052	65,052
Share premium	2,467	2,467	⁽²⁾ -	-
Asset revaluation reserve	14,430	14,430	14,430	14,430
Available-for sale reserve	1,751	1,751	1,751	1,751
Retained earnings	96,118	87,444	⁽³⁾ 67,977	67,977
Shareholders' equity / NA	158,134	149,460	149,210	149,210
No. of ordinary shares in LTKM ('000)	43,368	43,368	65,052	130,104
Par value of the ordinary shares in LTKM (RM)	1.00	1.00	1.00	0.50
NA per share (RM)	3.65	3.45	2.29	1.15
Borrowings	27,908	27,908	27,908	27,908
Gearing (times) ⁽⁴⁾	0.18	0.19	0.19	0.19

Notes:

- (1) Adjustments for the Final Dividend amounting to RM4.34 million, which was approved by the shareholders of LTKM on 23 September 2014 and paid on 3 October 2014 and the Interim Dividend for the FYE 31 March 2015 amounting to RM4.34 million declared on 26 February 2015 and payable on 8 April 2015.
- (2) After capitalisation of RM2.22 million from the share premium pursuant to the Proposed Bonus Issue and the deduction of estimated expenses amounting to RM250,000 in relation to the Proposals.
- (3) After capitalisation of RM19.47 million from the retained earnings pursuant to the Proposed Bonus Issue.
- (4) Calculated based on total debt as a percentage of total capital.

5.3 Earnings and EPS

The Proposed Bonus Issue and Proposed Share Split are not expected to have any material effect on the consolidated earnings of the LTKM Group for the FYE 31 March 2015 as the Proposals are expected to be implemented by the second quarter of 2015. However, for the FYE 31 March 2016 and financial years thereafter, there will be a corresponding dilution in the EPS of the LTKM Group as a result of the increase in the number of shares in issue pursuant to the Proposed Bonus Issue and Proposed Share Split.

The Proposed ESOS is not expected to have any immediate effect on the consolidated earnings and EPS of the LTKM Group. In accordance with the MFRS 2 on Share-Based Payments issued by the Malaysian Accounting Standards Board, the potential cost arising from the granting of the Options, which is measured by the fair value of the Options after taking into consideration, *inter alia*, the number of the Options granted and vested and the Subscription Price of the Options, will need to be measured at the grant date and be recognised as an expense in the Consolidated Statements of Comprehensive Income over the vesting period of the Options, and may therefore reduce the future earnings of the LTKM Group, the quantum of which can be determined only at the grant date.

The potential effects of the Proposed ESOS on the consolidated earnings and EPS of the LTKM Group in the future, as a consequence of the recognition of the expense at each grant date, cannot be determined at this juncture as it would depend on various factors that affect the fair value of the Options granted under the Proposed ESOS at the grant date. It should be noted that such potential cost of granting the Options does not represent a cash outflow but only an accounting treatment.

The Company has taken note of the potential impact of MFRS 2 on the LTKM Group's earnings and will take into consideration of such impact in the granting and vesting of the Options under the Proposed ESOS.

5.4 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the substantial shareholders' shareholdings of the Company until and unless new ordinary shares in LTKM are issued pursuant to the exercise of the Options under the Proposed ESOS. Any potential effect on LTKM's substantial shareholders' shareholdings will depend on the number of new ordinary shares in LTKM to be issued pursuant to the exercise of the Options.

The proforma effects of the Proposed Bonus Issue and Proposed Share Split on the substantial shareholders' shareholdings of the LTKM Group are as follows:

	As at the LPD				Proforma I After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of LTKM Shares (‘000)	%	No. of LTKM Shares (‘000)	%	No. of LTKM Shares (‘000)	%	No. of LTKM Shares (‘000)	%
Ladang Ternakan Kelang Sdn Berhad	26,595	61.32	-	-	39,893	61.32	-	-
Datuk Tan Kok	1,153	2.66	⁽¹⁾ 28,127	64.86	1,730	2.66	⁽¹⁾ 42,191	64.86
Datin Lim Hooi Tin	200	0.46	⁽¹⁾ 28,127	64.86	300	0.46	⁽¹⁾ 42,191	64.86

	Proforma II After the Proposed Share Split			
	Direct		Indirect	
	No. of Subdivided Shares (‘000)	%	No. of Subdivided Shares (‘000)	%
Ladang Ternakan Kelang Sdn Berhad	79,785	61.32	-	-
Datuk Tan Kok	3,459	2.66	⁽¹⁾ 84,381	64.86
Datin Lim Hooi Tin	600	0.46	⁽¹⁾ 84,381	64.86

Note:

(1) Deemed interested by virtue of his/her substantial shareholdings in Ladang Ternakan Kelang Sdn Berhad pursuant to Section 6A(4) and Section 134(12)(c) of the Companies Act, 1965.

5.5 Convertible securities

As at the LPD, LTKM does not have any existing convertible securities.

6. APPROVALS REQUIRED

The Proposals are conditional upon approvals being obtained from the following:

- (i) Bursa Securities, for the following:
 - (a) the listing of and quotation for the Bonus Shares and new ordinary shares in LTKM to be issued pursuant to the exercise of the Options on the Main Market of Bursa Securities; and
 - (b) the Proposed Share Split and the listing of and quotation for the Subdivided Shares to be issued pursuant to the Proposed Share Split;
- (ii) the shareholders of LTKM at an extraordinary general meeting (“**EGM**”) to be convened for the Proposals. For the avoidance of doubt, the shareholders’ approval for the Proposed ESOS will allow LTKM to allot and issue Subdivided Shares pursuant to any exercise of the Options granted in accordance with the By-Laws throughout the duration of the Proposed ESOS; and
- (iii) other relevant authorities/parties, if required.

It is the intention of the Directors of LTKM to propose the Bonus Issue Entitlement Date and the Share Split Entitlement Date to be on the same date, which will be determined later, upon the receipt of all relevant approvals for the Proposals. For the avoidance of doubt, in the event both of the Proposed Bonus Issue and Proposed Share Split are approved, the Bonus Shares to be issued pursuant to the Proposed Bonus Issue shall be subject to the Proposed Share Split.

Save for the Proposed Share Split and Proposed M&A Amendment which are inter-conditional, the Proposals are not conditional upon each other.

The Proposals are not conditional upon any other corporate exercise being undertaken by the Company, which has been announced but pending completion.

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

Save as disclosed below, none of the Directors, major shareholders of the Company and/or persons connected to them has any interest, directly or indirectly, in the Proposals apart from their respective entitlements under the Proposed Bonus Issue which are available to all Bonus Issue Entitled Shareholders.

All of the Directors of LTKM are entitled to participate in the Proposed ESOS and are therefore deemed interested in the Proposed ESOS to the extent of their respective allocations, if any, as well as allocations to persons connected with them under the Proposed ESOS.

The Directors of LTKM have abstained and will continue to abstain from deliberating and voting on the resolutions pertaining to their respective allocations, if any, as well as the persons connected to them under the Proposed ESOS, if any, at the relevant Board meetings.

The Directors of LTKM will also abstain and undertake to ensure that persons connected with them will abstain from voting, in respect of their direct and indirect shareholdings in LTKM, on the resolutions pertaining to their respective allocations as well as the allocations to the persons connected to them under the Proposed ESOS, if any, to be tabled at an EGM to be convened.

8. DIRECTORS' STATEMENT

The Board, after taking into consideration all aspects of the Proposals (including but not limited to the rationale and the effects of the Proposals), is of the opinion that the Proposals are in the best interest of the LTKM Group.

However, in view that the Directors of LTKM are deemed interested in the Proposed ESOS to the extent of their respective allocations, if any, under the Proposed ESOS, they have abstained from expressing an opinion and making any recommendation on their respective allocations, if any, under the Proposed ESOS.

9. ADVISER

HLIB has been appointed as the Adviser for the Proposals.

10. APPLICATION TO THE RELEVANT AUTHORITIES AND EXPECTED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the submission to the relevant authorities in relation to the Proposals will be made within 2 months from the date of this announcement.

Barring any unforeseen circumstances and subject to receipt of all approvals from the relevant authorities, the Board expects the Proposals to be completed by the second half of 2015.

This announcement is dated 7 April 2015.