

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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LTKM BERHAD
(Company No. 442942-H)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- (I) **PROPOSED BONUS ISSUE OF 21,684,001 NEW ORDINARY SHARES OF RM1.00 EACH IN LTKM BERHAD ("LTKM") ("LTKM SHARES") TO BE CREDITED AS FULLY PAID-UP, ON THE BASIS OF 1 NEW LTKM SHARE FOR EVERY 2 EXISTING LTKM SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED BONUS ISSUE")**
- (II) **PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 LTKM SHARE HELD INTO 2 NEW ORDINARY SHARES OF RM0.50 EACH IN LTKM ON AN ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED SHARE SPLIT")**
- (III) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL (EXCLUDING TREASURY SHARES, IF ANY) OF LTKM**
- (IV) **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF LTKM TO FACILITATE THE PROPOSED SHARE SPLIT ("PROPOSED M&A AMENDMENT")**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

The Notice of Extraordinary General Meeting ("**EGM**") of LTKM to be held at Merrida Hotel, No. 18A, Lebuhraya Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan, Malaysia on Friday, 12 June 2015 at 10:00 a.m. or at any adjournment thereof, together with the Proxy Form, are enclosed in this Circular.

As a shareholder, you can appoint a proxy or proxies to attend and vote on your behalf. You must complete and deposit the Proxy Form at the Registered Office of LTKM at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not later than 48 hours before the time set for the EGM or any adjournment thereof. You are not precluded from attending and voting in person at the EGM should you wish to do so subsequent to the lodging of the Proxy Form.

Last date and time for lodging the Proxy Form : Wednesday, 10 June 2015, at 10:00 a.m.

Date and time of the EGM : Friday, 12 June 2015, at 10:00 a.m. or at any adjournment thereof

This Circular is dated 21 May 2015

DEFINITIONS

“Act”	: Companies Act, 1965
“Board”	: Board of Directors of LTKM
“Bonus Issue Entitlement Date”	: The date to be determined and announced later by our Board on which our shareholders must be entered in the Record of Depositors at the close of business in order to be entitled to participate in the Proposed Bonus Issue
“Bonus Share(s)”	: 21,684,001 new LTKM Shares to be issued pursuant to the Proposed Bonus Issue
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“By-Laws”	: Rules, terms and conditions governing the Proposed ESOS as set out in Appendix II of this Circular, as amended, supplemented or modified from time to time
“Circular”	: This Circular to our shareholders dated 21 May 2015 in relation to the Proposals
“Date of Offer”	: The date on which an Offer is made by the Option Committee in writing to an Eligible Person in the manner indicated in the By-Laws
“Director(s)”	: A natural person who holds a directorship in our Group, whether in an executive or non-executive capacity
“Effective Date”	: The date on which the Scheme takes effect which shall be the last day on which full compliance with the relevant requirements under the By-Laws and Listing Requirements have been obtained or met
“EGM”	: Extraordinary general meeting
“Eligible Person(s)”	: A Director or an Employee of our Group who meets the criteria of eligibility in the manner as indicated in the By-Laws for participation in the Proposed ESOS
“Employee(s)”	: Any person who is employed by any corporation within our Group
“Entitled Shareholder(s)”	: Shareholders of our Company whose names appear in the Record of Depositors of our Company as at the close of business on the Bonus Issue Entitlement Date
“EPS”	: Earnings per share
“FPE”	: Financial period ended/ending
“FYE”	: Financial year ended/ending
“Grantee”	: An Eligible Person who has accepted an Offer in the manner provided in the By-Laws
“HLIB”	: Hong Leong Investment Bank Berhad
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities

DEFINITIONS (Cont'd)

“LPD”	: 30 April 2015, being the latest practicable date prior to the printing of this Circular
“LTKM” or “Company”	: LTKM Berhad
“LTKM Group” or “Group”	: LTKM and its subsidiaries, collectively, which in the context of the Proposed ESOS, shall exclude any subsidiaries which are dormant
“LTKM Share(s)”	: Ordinary shares of RM1.00 each in LTKM
“MFRS 2”	: Malaysian Financial Reporting Standards 2
“M&A”	: Memorandum and Articles of Association
“NA”	: Net assets
“Offer”	: A written offer made by the Option Committee to an Eligible Person in the manner provided in the By-Laws
“Option(s)”	: The right of a Grantee to subscribe for 1 new ordinary share in LTKM for each option pursuant to the contract constituted by acceptance by the Grantee of an Offer made to such Grantee by the Option Committee in the manner provided in the By-Laws
“Option Committee”	: A duly authorised committee as appointed by our Board pursuant to the By-Laws to administer the Scheme
“Option Period”	: The period commencing from the Effective Date and expiring on the date of expiry of the Scheme in accordance with the By-Laws as set out in Section 2.3.7 of this Circular
“Persons Connected”	: Has the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements
“Proposals”	: Proposed Bonus Issue, Proposed Share Split, Proposed ESOS and Proposed M&A Amendment, collectively
“Proposed Bonus Issue”	: Proposed 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 on the Bonus Issue Entitlement Date
“Proposed ESOS”	: Proposed establishment of an employees’ share option scheme of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM
“Proposed M&A Amendment”	: Proposed amendments to the M&A of LTKM to facilitate the Proposed Share Split
“Proposed Share Split”	: Proposed share split involving the subdivision of every 1 LTKM Share held into 2 new Subdivided Shares on the Share Split Entitlement Date
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Scheme”	: Employees’ share option scheme of LTKM pursuant to the Proposed ESOS

DEFINITIONS (Cont'd)

“Share Split Entitlement Date”	:	The date to be determined and announced later by our Board on which the Proposed Share Split will be implemented
“Subdivided Share(s)”	:	Ordinary shares of RM0.50 each in LTKM pursuant to the Proposed Share Split
“Subscription Price”	:	The price at which a Grantee shall be entitled to subscribe for each LTKM Shares as calculated in accordance with the By-Laws
“VWAMP”	:	Volume weighted average market price

All references to “you” in this Circular are to our shareholders, unless the context otherwise requires.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Circular is a reference to that enactment as amended or re-enacted from time to time.

Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise stated.

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LTKM BERHAD

(Company No. 442942-H)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Malaysia

21 May 2015

Board of Directors:

Ir. Kamarudin bin Md Derom
Datuk Tan Kok
Datin Lim Hooi Tin
Ooi Chee Seng
Ravindran A/L Markandu

(Independent Non-Executive Chairman)
(Managing Director)
(Non-Independent Non-Executive Director)
(Independent Non-Executive Director)
(Independent Non-Executive Director)

To: The Shareholders of LTKM Berhad

Dear Sir/Madam,

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

1. INTRODUCTION

On 7 April 2015, HLIB had, on behalf of our Board, announced that LTKM proposes to undertake the following proposals:

- (i) 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 on the Bonus Issue Entitlement Date;
- (ii) share split involving the subdivision of every 1 LTKM Share held into 2 Subdivided Shares on the Share Split Entitlement Date;
- (iii) establishment of an employees' share option scheme of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM at any point in time during the duration of the Scheme for the Eligible Persons; and
- (iv) amendments to the M&A of LTKM to facilitate the Proposed Share Split.

On 14 May 2015, HLIB had, on behalf of our Board, announced that Bursa Securities had, via its letter dated 13 May 2015 approved the following:

- (i) listing of and quotation for the Bonus Shares;
- (ii) listing of and quotation for up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM to be issued pursuant to the Proposed ESOS; and
- (iii) the Proposed Share Split.

The approvals granted by Bursa Securities for the Proposals are subject to the conditions as set out in Section 7 of this Circular.

Further details of the Proposals are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS IN CONNECTION WITH THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Bonus Issue

2.1.1 Details of the Proposed Bonus Issue

The Proposed Bonus Issue will entail an issuance 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 in our Company by the Entitled Shareholders on the Bonus Issue Entitlement Date.

As at the LPD, the issued and paid-up ordinary share capital of LTKM is RM43,368,002 comprising 43,368,002 LTKM Shares. The issued and paid-up ordinary share capital of our Company will be increased to RM65,052,003 comprising 65,052,003 LTKM Shares upon the completion of the Proposed Bonus Issue.

In determining our shareholders' entitlements pursuant to the Proposed Bonus Issue, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as our Board, in its absolute discretion, deems fit and expedient and in the best interest of our 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.

It is the intention of our Board 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 Proposed Bonus Issue and Proposed Share Split. Assuming that all relevant approvals for the Proposed Bonus Issue and Proposed Share Split are obtained, the Proposed Bonus Issue is intended to be implemented before the Proposed Share Split and thus the Bonus Shares allotted will be subject to the Proposed Share Split.

For the purpose of clarity, the Proposed Bonus Issue will still be implemented if the approval for the Proposed Share Split is not obtained.

For illustrative purposes only, based on the 5-day VWAMP of LTKM Shares up to and including the LPD of RM6.44 per LTKM Share, the adjusted market price of LTKM Shares after the Proposed Bonus Issue is set out as follows:

	Assumed number of LTKM Shares held	Par value (RM)	Market price per LTKM Share (RM)	Total value (RM)
5-day VWAMP up to LPD	200	1.00	6.44	1,288
After adjusting for the Proposed Bonus Issue only	300	1.00	4.29	1,288

As illustrated above, the Proposed Bonus Issue is not expected to have any impact on the total value of the LTKM Shares.

2.1.2 Capitalisation of reserves

Based on the audited financial statements of LTKM as at 31 March 2014, our Company's retained earnings and share premium stood at RM33.88 million and RM2.47 million, respectively. Based on the unaudited 9-month FPE 31 December 2014, our 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 and the interim dividend declared and paid amounting to RM4.34 million, respectively. 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, 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)
As at 31 March 2014/ 31 December 2014	33,876	2,467	32,560	2,467
Final dividend declared and paid ⁽¹⁾	(4,337)	-	-	-
Interim dividend declared and paid ⁽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 FYE 31 March 2014 amounting to RM4.34 million, which was approved by our 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 paid on 8 April 2015 ("Interim Dividend").

Our Board confirms that based on our Company's latest audited consolidated financial statements for the FYE 31 March 2014 and latest unaudited financial statements for the FPE 31 December 2014, and after taking into consideration the Dividends declared and paid, LTKM has adequate reserves in our share premium and retained earnings for the capitalisation for the Proposed Bonus Issue, and such share premium and retained earnings are unimpaired by any losses on a consolidated basis in accordance with Paragraph 6.30(1) of the Listing Requirements.

The reporting accountants, Messrs Ernst & Young, have opined, based on the procedures performed as referred to in its letter dated 20 May 2015, which is enclosed in Appendix I of this Circular, that our Company has adequate reserves in our share premium and retained earnings accounts for the purpose of capitalisation for the Proposed Bonus Issue, based on our Company's latest audited consolidated financial statements for the FYE 31 March 2014 and latest unaudited financial statements for the FPE 31 December 2014, and after taking into consideration the computations and assumptions as annexed to its letter.

2.1.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon issuance and allotment, 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 to shareholders, for which the entitlement date precedes the date of issuance and allotment of the Bonus Shares.

For the purpose of clarity, the allotted Bonus Shares will be subject to the Proposed Share Split.

2.1.4 Listing of and quotation for the Bonus Shares

The approval of Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities was obtained via its letter dated 13 May 2015, subject to the conditions as set out in Section 7 of this Circular.

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 Entitled Shareholders no later than 4 market days after the date of listing of 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 the subdivision of every 1 LTKM Share held by our shareholders, whose names appear on the Record of Depositors on the Share Split Entitlement Date into 2 Subdivided Shares.

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 Share Split, the issued and paid-up ordinary share capital of our Company will be RM65,052,003, comprising 130,104,006 Subdivided Shares. However, if the Proposed Bonus Issue is not implemented, upon the completion of the Proposed Share Split, the issued and paid-up ordinary share capital of our Company will be RM43,368,002 comprising 86,736,004 Subdivided Shares.

In determining our shareholders' entitlements pursuant to the Proposed Share Split, fractional entitlements, if any, will be disregarded and shall be dealt with in such manner as our Board, in its absolute discretion, deems fit and expedient and in the best interest of our Company.

The Proposed Share Split would be implemented immediately after the completion of the Proposed Bonus Issue, assuming that all approvals for the Proposed Bonus Issue and the Proposed Share Split are obtained. For the purpose of clarity, the Proposed Share Split will still be implemented if the approval for the Proposed Bonus Issue is not obtained.

For illustrative purposes only, based on the 5-day VWAMP of LTKM Shares up to and including the LPD of RM6.44 per LTKM Share, the adjusted market price of the Subdivided Shares is set out as follows:

(i) Assuming the Proposed Share Split is implemented but not the Proposed Bonus Issue:

	Assumed number of LTKM Shares held	Par value (RM)	Market price per LTKM Share (RM)	Total value (RM)
5-day VWAMP up to LPD	200	1.00	6.44	1,288
After adjusting for the Proposed Share Split only	400	0.50	3.22	1,288

(ii) Assuming the Proposed Share Split is implemented immediately after the completion of the Proposed Bonus Issue:

	Assumed number of LTKM Shares held	Par value (RM)	Market price per LTKM Share (RM)	Total value (RM)
5-day VWAMP up to LPD	200	1.00	6.44	1,288
After adjusting for the Proposed Bonus Issue	300	1.00	4.29	1,288
After adjusting for the Proposed Bonus Issue and thereafter for the Proposed Share Split	600	0.50	2.15	1,288

As illustrated above, the Proposed Share Split is not expected to have any impact on the total value of the ordinary shares of LTKM.

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 issuance and allotment, rank *pari passu* in all respects with each other.

2.3 Proposed ESOS

2.3.1 Details of the Proposed ESOS

LTKM proposes to establish an employees' share option scheme which will involve the granting of Options to Eligible Persons to subscribe for one new ordinary share in LTKM in accordance with the By-Laws.

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

The Option Committee shall have the sole absolute discretion in determining whether the granting of the Options to any Eligible Person will be on a staggered basis over the duration of the Scheme or in one single grant, of which such determination will be carried out at a later date after the establishment of the Scheme provided always that the aggregate number of ordinary shares in LTKM which may be offered to any Eligible Person (inclusive of ordinary shares in LTKM previously offered under the Scheme, if any) shall not exceed the maximum allowable allotment (save for any adjustment that may be made under the By-Laws) of that Eligible Person.

The salient features of the Proposed ESOS, which are governed by the By-Laws are as follows:

2.3.2 Maximum number of ordinary shares in LTKM available 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 by all the Grantees;
- (ii) remaining unexercised Options by all the Grantees; and
- (iii) unexpired Offers pending acceptances by the Eligible Persons,

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

2.3.3 Basis of allotment and maximum allowable allotment

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 or such other matters which the Option Committee may in its discretion deem fit, subject to any adjustments which may be made under the By-Laws and 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 maximum number of ordinary shares in LTKM as 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 of the maximum number of ordinary shares in LTKM so stipulated; 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, if any) of LTKM.

No Eligible Person shall participate in the deliberation or discussion of the number of the Options to be offered to him under the Scheme.

The Option Committee shall have the sole absolute discretion to determine the aggregate allocation to the Eligible Persons 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.

2.3.4 Eligibility

Any Director or Employee, shall be eligible to participate in the Scheme if the Director or Employee 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 our Group for at least 1 year of continuous service including the service during the probation period or contract period with our Group; or
- (ii) a Director who has served for at least 1 year in our Group and whose specific entitlement/allotment under the Scheme is approved by our shareholders 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 and/or falls under such category or such other criteria as may be set by the Option Committee from time to time as it may deem appropriate.

Each Eligible Person can only participate in the Scheme in one capacity irrespective of the number of directorships or positions he holds in our Group.

2.3.5 Subscription Price

Subject to any adjustment in accordance with the By-Laws, the Subscription Price shall be the higher of the following:

- (i) a price to be determined by the Option Committee based on the VWAMP 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) par value of the ordinary shares in LTKM.

2.3.6 Exercise of Options

Subject to the By-Laws, a Grantee shall be allowed to exercise the Options granted to him on the terms set out in the letter of Offer, on such date or period which may be stipulated by the Option Committee, whilst he is in the employment of our Group, and within the Option Period.

The Option Committee shall at its sole and absolute discretion, determine the performance targets, if any required to be achieved by a Grantee before he is allowed to exercise the Options granted to him.

2.3.7 Duration

The Scheme shall be in force for a period of 5 years from the Effective Date (known as "**Option Period**"), provided always that on or before the expiry thereof, the Option Committee shall have the absolute discretion, without the approval of our shareholders in general meeting, to extend the duration of the Scheme for up to a further 5 years or such shorter period as the Option Committee may deem fit immediately after the expiry of the Option Period ("**Extended Option Period**") provided that the initial Option Period and the Extended Option Period shall not in aggregate exceed the duration of 10 years from the Effective Date.

2.3.8 Ranking and rights of the new ordinary shares in LTKM

The new ordinary shares in LTKM to be issued and allotted upon any exercise of the Options will, upon issuance and allotment, 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 that may be declared, made or paid to shareholders, for which the entitlement date is prior to the date of issuance and allotment of the said new ordinary shares in LTKM.

The new ordinary shares in LTKM will be subject to all provisions of the Articles of Association and such amendments thereafter, if any.

2.3.9 Retention period

The new ordinary shares in LTKM to be issued and allotted to a Grantee pursuant to the exercise of Options under the Scheme will not be subject to any retention period or restriction on transfer.

However, a Grantee who is a non-executive Director of our Group, must not sell, transfer or assign the new ordinary shares in LTKM obtained through the exercise of the Options offered to him under the Scheme within one year from the Date of Offer.

2.3.10 Alteration of share capital and adjustment

In the event of any alteration in the capital structure of our Company during the duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, our Company shall make adjustment to:

- (i) the number of Options granted to each Grantee; and/or
- (ii) the Subscription Price,

as shall be necessary to give a Grantee the same proportion of the issued capital of our Company as that to which he was entitled prior to the event giving rise to such adjustment.

No adjustments shall apply where an alteration in the capital structure of our Company arises from any of the following:

- (i) an issue of ordinary shares in LTKM pursuant to the exercise of Options under the Scheme; or
- (ii) an issue of securities as consideration for an acquisition; or
- (iii) an issue of securities as a private placement; or
- (iv) an issue of securities as a special issue approved by the relevant governmental authorities; or
- (v) a restricted issue of securities; or
- (vi) an issue of ordinary shares in LTKM arising from the exercise of any conversion rights in respect of securities convertible into new ordinary shares in LTKM including but not limited to warrants and convertible loan stocks; or
- (vii) an issue of further Options to Eligible Persons under the By-Laws; or
- (viii) a share buy-back arrangement by our Company, pursuant to Section 67A of the Act.

Any adjustments, other than on a bonus issue, must be confirmed in writing either by an approved external auditor of our Company or the adviser (which must be a principal adviser under the Securities Commission Malaysia's Principal Adviser's Guidelines), acting as an expert and not as an arbitrator, as to its fairness and reasonableness. Nevertheless, for the avoidance of doubt, the decision of our Board shall be final and binding in all respects.

2.3.11 Amendments and/or modification to the By-Laws

Subject to the By-Laws and compliance with the Listing Requirements, the Option Committee may at any time and from time to time recommend to our Board any additions or amendments to or deletions of the By-Laws as it shall in its discretion think fit and our Board shall have the power by resolution to add to, amend or delete all or any of the By-Laws upon such recommendation provided always that no additions or amendments to or deletions of the By-Laws shall be made which will:

- (i) materially prejudice any rights then accrued to any Grantee or shareholders without the prior consent or sanction of that Grantee and approval of our shareholders in a general meeting; or
- (ii) increase the number of ordinary shares in LTKM available under the Scheme beyond the maximum imposed by the By-Laws without the prior approval of our shareholders in a general meeting.

For the purpose of complying with the provisions of Appendix 6E of the Listing Requirements, the provisions in the By-Laws shall not be amended or altered in any way whatsoever to the advantage of Eligible Persons or Grantees without the prior approval of our shareholders in a general meeting.

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

The approval of 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 was obtained via its letter dated 13 May 2015, subject to the conditions as set out in Section 7 of this Circular.

2.4 Proposed M&A Amendment

2.4.1 Details of the Proposed M&A Amendment

To facilitate the Proposed Share Split, our Company proposes to amend the M&A of our Company by altering the authorised share capital of LTKM to RM100,000,000 comprising 200,000,000 Subdivided Shares.

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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 allotted to the Entitled Shareholders would not require any payment by them.

The actual proceeds to be received by our 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, our Company intends to utilise the proceeds arising from the exercise of the Options for the working capital requirements of our Group, as and when received. The working capital would be used to fund our 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.

The estimated expenses associated with the implementation and administration of the Proposals is approximately RM250,000, which will be paid by our Company through internally-generated funds.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Bonus Issue

The Proposed Bonus Issue aims to reward the Entitled Shareholders for their loyalty and continuing support, by enabling them to have a greater participation in the equity of our 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 our Company on Bursa Securities while increasing the capital base of our 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 our 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 our Company to have a larger number of shares in our Company while maintaining their percentage of equity interest.

4.3 Proposed ESOS

Our Board proposes to establish the Proposed ESOS to:

- (i) provide an opportunity for Eligible Persons to participate as shareholders of our Company and inculcate a greater sense of belonging and dedication as Eligible Persons are given the opportunity to participate in the equity of our Company upon exercising their Options;
- (ii) reward and retain Eligible Persons whose services are vital to the continued growth of our Group;
- (iii) motivate Eligible Persons towards better performance through greater loyalty and productivity to our Group; and
- (iv) make our Group's remuneration scheme more competitive to attract more skilled and experienced individuals to join our Group and contribute to its continued growth.

The Proposed ESOS, which is also extended to our non-executive Directors, is to recognise and reward their contributions and effort as they play a constructive role in contributing towards the growth and performance of our Group. Their participation in the equity of our 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 our non-executive Directors who will assist in the overall strategic decisions of our 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, NA and gearing, earnings and 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 are as follows:

	Par value RM	No. of LTKM/ Subdivided Shares	RM
Existing as at the 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	<u>65,052,003</u>	<u>65,052,003</u>
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	<u>143,114,406</u>	<u>71,557,203</u>

5.2 NA per share and gearing

Save for the potential impact of the MFRS 2 as elaborated in Section 5.4 below, the Proposed ESOS is not expected to have an immediate effect on the NA, NA per share and the gearing of our 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 our 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 NA and gearing of our Group are as follows:

	Audited as at 31 March 2014 (RM'000)	Proforma I ⁽¹⁾ Adjustment for the Dividends payment (RM'000)	Proforma II After Proforma I and the Proposed Bonus Issue (RM'000)	Proforma III 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 our shareholders on 23 September 2014 and paid on 3 October 2014 and the Interim Dividend amounting to RM4.34 million, which was declared on 26 February 2015 and paid 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 shareholders' equity.

5.3 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the substantial shareholders' shareholdings of our 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 our Company are as follows:

Substantial shareholder	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⁾ 28,121	64.84	1,730	2.66	⁽¹⁾ 42,182	64.84
Datin Lim Hooi Tin	200	0.46	⁽¹⁾ 28,121	64.84	300	0.46	⁽¹⁾ 42,182	64.84

Substantial shareholder	Proforma II After the Proposed Bonus Issue and 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⁾ 84,363	64.84
Datin Lim Hooi Tin	600	0.46	⁽¹⁾ 84,363	64.84

Note:

- (1) Deemed interested by virtue of his/her substantial shareholdings in Ladang Ternakan Kelang Sdn Berhad and the shareholdings of his/her child, Tan Yee Boon, in YBJ Capital Sdn Bhd pursuant to Section 6A(4) of the Act. Deemed interested by virtue of the shareholdings of his/her children, Tan Yee Boon and Tan Yee Siong, pursuant to Section 134(12)(c) of the Act.

5.4 Earnings and EPS

The Proposed Bonus Issue and Proposed Share Split are not expected to have any material effect on the earnings of our Group for the FYE 31 March 2015 as the Proposals are expected to be implemented by the second half of 2015. However, for the FYE 31 March 2016 and financial years thereafter, there will be a corresponding dilution in the EPS of our 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 earnings and EPS of our 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 our Group, the quantum of which can be determined only at the grant date.

The potential effects of the Proposed ESOS on the earnings and EPS of our 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.

Our Board has taken note of the potential impact of MFRS 2 on our Group's earnings and will take proactive measures to manage the earnings impact in the granting and vesting of the Options under the Proposed ESOS.

5.5 Convertible securities

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

6. HISTORICAL SHARE PRICES OF LTKM

The following table sets out the monthly highest and lowest daily closing market prices of LTKM Shares transacted for the past 12 months from May 2014 to April 2015:

	High RM	Low RM
2014		
May	3.53	3.00
June	3.58	3.35
July	4.08	3.50
August	4.55	3.95
September	4.90	4.45
October	5.22	4.40
November	4.80	4.60
December	4.52	3.80
2015		
January	4.98	4.06
February	5.61	4.96
March	6.64	5.56
April	6.63	5.80
The last transacted price of LTKM Shares on 6 April 2015, being the immediate market day prior to the announcement of the Proposals		6.00
The last transacted price of LTKM Shares on the LPD		6.36

(Source: Bloomberg)

7. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities, for the following:
 - (a) listing of and quotation for the Bonus Shares;
 - (b) listing of and quotation for up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM to be issued pursuant to the Proposed ESOS; and

- (c) the Proposed Share Split; and
- (ii) our shareholders at our forthcoming EGM. For the avoidance of doubt, our shareholders' approval for the Proposed ESOS will allow LTKM to issue and allot Subdivided Shares pursuant to any exercise of the Options granted in accordance with the By-Laws throughout the duration of the Scheme.

The approval from Bursa Securities for the Proposed Bonus Issue, Proposed Share Split and Proposed ESOS, which was obtained via its letter dated 13 May 2015, is subject to the following conditions:

Conditions imposed	Status of compliance
(i) Shareholders' approval for the Proposed Bonus Issue, Proposed Share Split, Proposed ESOS and Proposed M&A Amendment.	To be complied.
(ii) LTKM and HLIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals.	Noted.
(iii) LTKM and HLIB to inform Bursa Securities upon the completion of the Proposals.	To be complied.
(iv) LTKM to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.	To be complied.
(v) LTKM and HLIB are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a)&(b) and 6.35(4) of the Listing Requirements pertaining to the Proposed Bonus Issue.	To be complied.
(vi) LTKM and HLIB are required to make the relevant announcements pursuant to Paragraph 13.10(2) of the Listing Requirements pertaining to the Proposed Share Split.	To be complied.
(vii) HLIB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation.	To be complied.
(viii) LTKM is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed ESOS as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied.

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 our Company, which has been announced but pending completion.

For the avoidance of doubt, the Proposed Bonus Issue, the Proposed Share Split and the Proposed ESOS are not inter-conditional upon each other and as such, each proposal will be implemented independently regardless of whether the other proposals are approved or carried out.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER(S) AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of our Directors, major shareholders 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 Entitled Shareholders.

All of our Directors 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 to them under the Proposed ESOS ("**Interested Directors**").

Our Interested Directors 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.

Our Interested Directors will also abstain and undertake to ensure that persons connected to 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 our forthcoming EGM.

The direct and indirect shareholdings of our Interested Directors as at the LPD are as follows:

Interested Directors	Direct		Indirect	
	No. of LTKM Shares	%	No. of LTKM Shares	%
Ir. Kamarudin bin Md Derom	-	-	-	-
Datuk Tan Kok	1,152,700	2.66	⁽¹⁾ 28,121,302	64.84
Datin Lim Hooi Tin	200,000	0.46	⁽¹⁾ 28,121,302	64.84
Ooi Chee Seng	-	-	-	-
Ravindran A/L Markandu	5,000	0.01	-	-

Note:

(1) *Deemed interested by virtue of his/her substantial shareholdings in Ladang Temakan Kelang Sdn Berhad and the shareholdings of his/her child, Tan Yee Boon, in YBJ Capital Sdn Bhd pursuant to Section 6A(4) of the Act. Deemed interested by virtue of the shareholdings of his/her children, Tan Yee Boon and Tan Yee Siong, pursuant to Section 134(12)(c) of the Act.*

9. DIRECTORS' RECOMMENDATION

Our Board, having considered and deliberated on all aspects of the Proposals including the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of our Company. Accordingly, our Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at our forthcoming EGM.

Our Board (save for our Interested Directors who have abstained from expressing any opinion in relation to their respective proposed allocations and/or persons connected to them under the Proposed ESOS), having considered and deliberated on all aspects of the Proposed ESOS, is of the opinion that the Proposed ESOS is in the best interest of our Company. Accordingly, our Board (save for our Interested Directors who have abstained from expressing any opinion in relation to their respective proposed allocations and/or persons connected to them under the Proposed ESOS) recommends that you vote in favour of the resolutions in relation to the proposed allocations of Options pursuant to the Proposed ESOS to be tabled at our forthcoming EGM.

10. OTHER INTENDED CORPORATE EXERCISES WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposals, our Board confirms that, there are no other outstanding corporate exercises which have been announced by LTKM but not yet completed as at the LPD.

The Proposals are not conditional or inter-conditional upon any other corporate proposal of our Company.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be implemented or completed by the second half of 2015.

The tentative timetable for the implementation of the Proposed Bonus Issue, Proposed Share Split and Proposed M&A Amendment is as follows:

Tentative timeline	Event
12 June 2015	Convening of our forthcoming EGM to obtain the approval of our shareholders for the Proposals.
End June 2015	Announcement of the Bonus Issue Entitlement Date and Share Split Entitlement Date.
Mid July 2015	Listing of and quotation for the Bonus Shares and Subdivided Shares on the Main Market of Bursa Securities.

12. EGM

An EGM, the notice of which is enclosed in this Circular, will be held at Merrida Hotel, No. 18A, Lebuhraya Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan, Malaysia on Friday, 12 June 2015 at 10:00 a.m., or at any adjournment thereof, to consider and, if thought fit, to pass with or without modifications, the resolutions to give effect to the Proposals.

The Proxy Form for our forthcoming EGM is enclosed in this Circular. If you are unable to attend and vote in person at our forthcoming EGM, you are requested to complete and deposit the Proxy Form in accordance with the instructions printed thereon as soon as possible at the Registered Office of our Company at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia not later than 48 hours before the time set for holding our forthcoming EGM or any adjournment thereof. The lodging of the Proxy Form does not preclude you from attending and voting in person at our forthcoming EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

You are requested to refer to the appendices for further information.

Yours faithfully,
for and on behalf of our Board of
LTKM BERHAD

DATUK TAN KOK
Managing Director

REPORTING ACCOUNTANTS' LETTER ON ADEQUACY OF RESERVES FOR CAPITALISATION IN RELATION TO THE PROPOSED BONUS ISSUE



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The Board of Directors
LTKM Berhad
No. 102, Batu 1 ½
Jalan Meru, 41050 Klang
Selangor Darul Ehsan
Malaysia

20 May 2015

Dear Sirs,

**LTKM BERHAD ("LTKM" OR "THE COMPANY")
PROFORMA STATEMENTS OF RESERVES**

We have been engaged to perform a reasonable assurance engagement on accompanying Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014, to be included in the Circular to Shareholders to be dated 21 May 2015 as set out in Annexure I, which have been stamped by us for identification purposes.

Directors' responsibilities

LTKM proposes to undertake a proposed bonus issue of 21,684,001 new ordinary shares of RM1.00 each in LTKM ("LTKM Shares") to be credited as fully paid-up, on the basis of 1 new LTKM Share for every 2 existing LTKM Shares held, on an entitlement date to be determined later ("Proposed Bonus Issue").

The directors are responsible for the preparation of the Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014 in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014 have been prepared to illustrate the effects of the Proposed Bonus Issue on the reserves of LTKM had the Proposed Bonus Issue been effected on 31 March 2014 and 31 December 2014, respectively.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014 based on the procedures we have performed and the evidence we have obtained as to whether the available reserves for capitalisation are adequate to cover the entire Proposed Bonus Issue, pursuant to Paragraph 6.30(3) of the Listing Requirements.

We conducted our reasonable assurance engagement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

REPORTING ACCOUNTANTS' LETTER ON ADEQUACY OF RESERVES FOR CAPITALISATION IN RELATION TO THE PROPOSED BONUS ISSUE (Cont'd)



LTKM Berhad
Proforma Statements of Reserves

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We have not audited any financial statements of the Company as of any date or for any period subsequent to 31 March 2014. The purpose (and therefore the scope) of our audit for the financial year ended 31 March 2014 was to enable us to express our opinion on the financial statements of the Company as of 31 March 2014, and for the year then ended, but not on the financial statements for any interim period after that year. Therefore, we are unable to and do not express any audit opinion on the financial statements at any date or for any period subsequent to 31 March 2014.

Our audits of the financial statements for the year referred to above comprised audit tests and procedures necessary for the purpose of expressing an opinion on such financial statements taken as a whole. For none of the periods referred to therein, or any other period did we perform audit tests for the purpose of expressing an opinion on individual balances of accounts or summaries of selected transactions such as those enumerated below and accordingly, we do not express an opinion thereon.

We have reviewed in accordance with Malaysian Approved Standard on Review Engagements, ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, the interim condensed financial statements of the Company, comprising the statement of financial position as at 31 December 2014, the related income statement, statement of changes in equity and cash flow statement for the nine-month period then ended, and the accompanying notes relevant thereto.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Approved Standards on Auditing in Malaysia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole, and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion, nor any opinion on individual items on the financial statements.

Summary of work performed

We have performed the following procedures on the Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014:

- (a) Read the Proforma Statements of Reserves of the Company as at 31 March 2014 and 31 December 2014;
- (b) Inquired of certain officials of the Company, who have responsibility for the financial and accounting matters about:
 - (i) the basis for their determination of the proforma adjustments;
 - (ii) whether the Proforma Statements of Adequacy of Reserves of LTKM referred to in Annexure I, have been properly compiled on the bases stated; and

REPORTING ACCOUNTANTS' LETTER ON ADEQUACY OF RESERVES FOR CAPITALISATION IN RELATION TO THE PROPOSED BONUS ISSUE (Cont'd)



LTKM Berhad
Proforma Statements of Reserves

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- (iii) whether, within the context of the assumed date of the Proposed Bonus Issue:
- such bases are consistent with the accounting policies of the Company as disclosed in the audited financial statements for the year ended 31 March 2014; and
 - the adjustments set out are appropriate for the purpose of the Proforma Statements of Reserves of LTKM;
- (c) Proved the mathematical accuracy of the application of the proforma adjustments to the historical amounts as at 31 March 2014 and the unaudited interim financial information for the nine month-period ended 31 December 2014; and
- (d) Considered the sufficiency of reserves of the Company as at 31 March 2014 and 31 December 2014 for the purpose of capitalisation of the Proposed Bonus Issue.

The foregoing procedures do not constitute an audit conducted in accordance with Malaysian Approved Standards on Auditing. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraphs. Accordingly, we make no representations regarding the sufficiency of the foregoing procedures for your purposes.

Opinion

In our opinion:

- (a) the Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014 have been properly compiled on the bases set out in the accompanying notes;
- (b) Within the context of the assumed date of the Proposed Bonus Issue:
- (i) such bases are consistent with the accounting policies of the Company as disclosed in the audited financial statements for the year ended 31 March 2014; and
 - (ii) the adjustments set out are appropriate for the purposes of the Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014;
- (c) the reserves of the Company as indicated in the Proforma Statements of Reserves of LTKM as at 31 March 2014 and 31 December 2014 are sufficient for the purpose of capitalisation of the Proposed Bonus Issue.

**REPORTING ACCOUNTANTS' LETTER ON ADEQUACY OF RESERVES FOR CAPITALISATION IN
RELATION TO THE PROPOSED BONUS ISSUE (Cont'd)**



Building a better
working world

LTKM Berhad
Proforma Statements of Reserves

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Restriction on distribution or use

This letter has been prepared solely for your information and for inclusion in the Circular to Shareholders to be dated 21 May 2015. It should not be copied or disclosed to any third party or otherwise quoted or referred to, in whole or in part, without our prior written consent.

Yours faithfully

A handwritten signature in black ink, appearing to be 'E. J. J.', written in a cursive style.

REPORTING ACCOUNTANTS' LETTER ON ADEQUACY OF RESERVES FOR CAPITALISATION IN RELATION TO THE PROPOSED BONUS ISSUE (Cont'd)



Proforma Statement of Reserves

Annexure I

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 unaudited 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 and the interim dividend declared and paid amounting to RM4.34 million, respectively. 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, is set out below:

	Audited as at 31-Mar-14		Unaudited as at 31-Dec-14	
	Retained Earning (RM'000)	Share Premium (RM'000)	Retained Earnings (RM'000)	Share Premium (RM'000)
Company level				
As at 31 March 2014 / 31 December 2014	33,876	2,467	32,560	2,467
Final dividend declared and paid (1)	(4,337)	-	-	-
Interim dividend declared and paid (2)	(4,337)	-	(4,337)	-
	25,202	2,467	28,223	2,467
Capitalisation for the Proposed Bonus Issue (3)	(19,467)	(2,217)	(19,467)	(2,217)
Estimated expenses for the Proposals (as defined in the Circular) (4)	-	(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 the shareholders of the Company on 23 September 2014 and paid on 3 October 2014.
- (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 paid on 8 April 2015.
- (3) Being capitalisation of RM19.47 million from the retained earnings and RM2.22 million from share premium to share capital pursuant to the Proposed Bonus Issue.
- (4) Being estimated expenses amounting to RM250,000 in relation to the Proposals (as defined in the Circular).

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS

WONG BEH & TOH

**LTKM BERHAD
EMPLOYEES' SHARE OPTION SCHEME
BY-LAWS**

1. NAME OF SCHEME

This Scheme shall be called the "LTKM Employees' Share Option Scheme".

2. OBJECTIVES OF SCHEME

The objectives of the Scheme are:

- (a) to 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;
- (b) to reward and retain Eligible Persons whose services are vital to the continued growth of the Group;
- (c) to motivate Eligible Persons towards better performance through greater loyalty and productivity to the Group; and
- (d) to make LTKM Group's remuneration scheme more competitive to attract more skilled and experienced individuals to join LTKM Group and contribute to its continued growth.

3. DEFINITIONS AND INTERPRETATION

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:

- | | | |
|---------------------|---|---|
| "Act" | - | The Companies Act, 1965, as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force |
| "Available Balance" | - | The unissued share capital of the Company which is available for the offer of further Options subject to the limit set out in By-Law 4.2 and after deducting all Options which have been offered and accepted |
| "Board" | - | The Board of Directors of the Company |
| "Bursa Securities" | - | Bursa Malaysia Securities Berhad |
| "By-Laws" | - | The rules, terms and conditions of the Scheme (as may be amended, varied, modified or supplemented from time to time in accordance with By-Law 24) |
| "CDS" | - | Central Depository System |

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- “CDS Account” - An account established by Bursa Malaysia Depository Sdn Bhd for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
- “Company” or “LTKM” - LTKM Berhad
- “Date of Expiry” - The last day of the duration of the Scheme as provided in By-Law 20.3
- “Date of Offer” - The date on which an Offer is made by the Option Committee to an Eligible Person in the manner provided in By-Law 7
- “Director” - A natural person who holds a directorship in the Group, whether in an executive or non-executive capacity
- “Effective Date” - The effective date for the launching/implementation of the Scheme, as provided in By-Law 20.1
- “Eligible Person” - Any Employee or Director who fulfils the conditions of eligibility stipulated in By-Law 5.1
- “Employee” - A natural person who is employed by and on the payroll of any company in the Group
- “Entitlement Date” - The date as at the close of business on which shareholders’ names must appear on LTKM’s Record of Depositors in order to participate in any dividends, rights, allotments and/or other distributions
- “Grantee” - An Eligible Person who has accepted an Offer in the manner provided in By-Law 8
- “Group” or “LTKM Group” - The Company and its subsidiaries as defined in Section 5 of the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme, but exclude subsidiaries which have been divested in the manner provided in By-Law 18.2.
- “Listing Requirements” - The Main Market Listing Requirements of Bursa Securities, including any amendments, press releases, flexibilities and announcements made in respect thereof from time to time
- “Market Day” - Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
- “Maximum Entitlement” - The maximum number of Options that can be offered to an Eligible Person in accordance with By-Law 6.1
- “Offer” - A written offer made by the Option Committee to an Eligible Person in the manner provided in By-Law 7

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- “Option” - The right of a Grantee to subscribe for one (1) new Share for each Option pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the Option Committee pursuant to By-Law 7
- “Option Committee” - The committee appointed by the Board to administer the Scheme
- “Option Period” - The period commencing from the Effective Date and expiring on the Date of Expiry of the Scheme as provided in By-Law 20.3. In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended.
- “Person Connected” - For the purpose of this definition, a person connected with a Director or major shareholder or chief executive shall have the meaning given in relation to a person connected with a Director or a major shareholder, applicable to such person who falls under any one of the following categories:
- (a) A member of the Director or major shareholder’s family, which family shall have the meaning given in Section 122A of the Act;
 - (b) A trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director or major shareholder, or a member of the Director’s or major shareholder’s family is the sole beneficiary;
 - (c) A partner of the Director or major shareholder or partner of a person connected with that Director or major shareholder;
 - (d) A person who is accustomed or under an obligation whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or major shareholder;
 - (e) A person in accordance with whose directions, instructions or wishes the Director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - (f) A body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or major shareholder;
 - (g) A body corporate or its Directors whose directions, instructions or wishes the Director or major shareholder is accustomed or under an obligation, whether formal or informal, to act;

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

(h) A body corporate in which the Director's or major shareholder's family is entitled to exercise, or control the exercise of, not less than fifteen per centum (15%) of the votes attached to voting shares in the body corporate; or

(i) A body corporate which is a related corporation

- "Scheme" - The scheme for the granting of Options to Eligible Persons to subscribe for new Shares upon the terms as herein set out, such scheme to be known as the "LTKM Employees' Share Option Scheme"
- "Senior Management" - Shall be subject to criteria to be determined by the Option Committee from time to time
- "Shares" - Ordinary shares of RM0.50 each in the Company
- "Subscription Price" - The price at which a Grantee shall be entitled to subscribe for each Share as calculated in accordance with the provisions of By-Law 11

- 3.2 For the purposes of these By-Laws, all references made to "Bursa Securities" and "Listing Requirements" shall where the context so permits and requires, include or refer to such other relevant authority(ies) and such acts, enactments, rules, regulations and guidelines currently or from time to time hereafter in force affecting the valid implementation and continuation of the Scheme in accordance with the provisions of these By-Laws.
- 3.3 The headings in these By-Laws are for ease of reference only and shall not be taken into account in the interpretation of these By-Laws.
- 3.4 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes or listing requirements include any consolidations, replacements or revisions of the same.
- 3.5 Words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 3.6 Words importing the singular number shall include the plural number and vice versa.
- 3.7 If an event is to occur on a stipulated day, which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.
- 3.8 Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee shall be exercised in the Option Committee's absolute and unfettered discretion and the Option Committee shall not be under any obligation to give any reason therefor except as may be required by the relevant authorities.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH**4. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 Each Option shall be exercisable into one (1) new Share in accordance with the provisions of these By-Laws.
- 4.2 At any one time during the duration of the Scheme as provided in By-Law 20.3, the aggregate number of Shares comprised in:
- (a) exercised Options by all the Grantees;
 - (b) remaining unexercised Options by all the Grantees; and
 - (c) unexpired Offers pending acceptances by the Eligible Persons,

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

In addition, the allocation to an Eligible Person, who either singly or collectively through Persons Connected with the Eligible Person, holds twenty per centum (20%) or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company, must not exceed ten per centum (10%) of the Shares available under the Scheme.

- 4.3 Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten per centum (10%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act or undertaking any other corporate proposal and thereby diminishing the issued and paid-up ordinary share capital of the Company, the Options granted prior to the adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the Option Committee shall not make any further Offers, unless and until such time when the total number of Options granted and to be granted under the Scheme will not exceed ten per centum (10%) of the Company's issued and paid-up ordinary share capital (excluding treasury shares).
- 4.4 The Company will keep available sufficient unissued Shares in its authorised share capital to satisfy all outstanding Options which may be exercised throughout the duration of the Scheme.

5. ELIGIBILITY

- 5.1 Any Employee or Director, 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:
- (a) an Employee who has been confirmed and has been in the employment of LTKM Group for at least one (1) year of continuous service including the service during the probation period or contract period with LTKM Group; or
 - (b) a Director who has served for at least one (1) year in 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

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- (c) fulfils any other criteria as may be determined by the Option Committee from time to time as it may deem appropriate.

Provided always that the selection of any Eligible Person for participation in the Scheme and the number of Options to be granted to any Eligible Person shall be at the discretion of the Option Committee and the decision of the Option Committee shall be final and binding.

- 5.2 For avoidance of doubt, an Eligible Person shall be entitled to participate in more than one (1) Share Grant Scheme (as defined under the Listing Requirements) and/or Share Issuance Scheme (as defined under the Listing Requirements) implemented by any company within the Group at the discretion of the Option Committee, subject to compliance with all applicable laws.
- 5.3 Subject to By-Laws 4.2 and 6.1, in the event that the Option Committee has determined that certain Eligible Persons are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the Option Committee may determine.
- 5.4 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.5 Each Eligible Person can only participate in the Scheme in one (1) capacity irrespective of the number of directorships or positions he holds in the Group.
- 5.6 Eligibility under the Scheme does not confer on an Employee or a Director a claim or right to participate in the Scheme unless the Option Committee has made an Offer to the Employee or the Director under By-Law 7, and an Eligible Person does not acquire or have any rights over or in connection with any Options or the Shares comprised therein unless an Offer has been made by the Option Committee and has been accepted by the Eligible Person in accordance with the terms of the Offer and the Scheme.
- 5.7 A set of criteria on eligibility and criteria for allocation as determined by the Board from time to time shall be made available to the Eligible Persons. Verification of allocation as being in compliance with the criteria set out in these By-Laws shall be carried out by the audit committee of the Company at the end of each financial year and a statement by the audit committee of the Company verifying such allocation shall be disclosed in the Annual Report of the Company.

6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

- 6.1 The allocation to an Eligible Person shall be subject to the Maximum Entitlement for the relevant category of Eligible Persons, which shall be determined by the Option Committee at its sole and absolute discretion.
- 6.2 (a) An Offer by the Option Committee to an Eligible Person shall be subject to a minimum of one thousand (1000) Options and in multiples of one thousand (1000) Options.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- (b) In the event that an Eligible Person is moved to a higher category during the tenure of the Scheme, then, subject to the discretion of the Option Committee whether or not to make an Offer, such promoted Eligible Person may be eligible to be offered additional number of Options based on the higher category after promotion as the Option Committee may in its absolute discretion determine, subject to these By-Laws.
 - (c) In the event that an Eligible Person is moved to a lower category, the following provisions shall apply:
 - (i) his Maximum Entitlement shall be reduced as the Option Committee may in its absolute discretion determine;
 - (ii) in the event that the total number of Options which have been offered to him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category or there is an increase to his Maximum Entitlement under such lower category, so that his Maximum Entitlement is increased to an amount greater than the total number of Options which have already been offered to him; and
 - (iii) in the event that the total number of Options which have been offered to him up to the date he is moved to the lower category is less than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to By-Law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.
- 6.3 Notwithstanding By-Law 6.1, the number of Options to be offered to each Eligible Person shall, subject to any adjustments which may be made under By-Law 16 and to each Eligible Person's Maximum Entitlement, be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration, amongst others, the seniority, performance and length of service of each Eligible Person or such other matters which the Option Committee may deem fit. The Option Committee shall not be obliged in any way to offer to an Eligible Person all of the specified Maximum Entitlement. The decision of the Option Committee shall be final and binding. Notwithstanding the foregoing, no Eligible Person shall participate in the deliberation or discussion of the number of Shares or Options to be offered to him under the Scheme.
- 6.4 The Option Committee may at its discretion introduce additional categories of Eligible Persons which it shall deem necessary during the duration of the Scheme provided always that the Maximum Entitlements in respect of these additional categories are in compliance with the relevant Listing Requirements and applicable laws.
- 6.5 The Option Committee may make more than one (1) Offer to an Eligible Person provided that the aggregate number of Options offered to an Eligible Person throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH**7. OFFER**

- 7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Person, subject to the Eligible Person's Maximum Entitlement under By-Law 6.1 hereof.
- 7.2 The Option Committee shall state the following particulars in the letter of Offer:
- (a) the number of Options that are being offered to the Eligible Person;
 - (b) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (c) the Option Period;
 - (d) the Subscription Price; and
 - (e) the Offer Period as defined in By-Law 7.3, ("**Letter of Offer**").
- 7.3 An Offer shall be valid for a period of fourteen (14) days from the Date of Offer ("**Offer Period**").
- 7.4 No Offer shall be made to any director, major shareholder or chief executive of the Company and its holding company or any Eligible Person who is a Person Connected with any of the said director, major shareholder or chief executive unless such Offer and the related allotment of Shares have previously been approved by the shareholders of the Company in a general meeting. The foregoing persons and Persons Connected with them shall abstain from voting on the resolution approving the said Offer.
- 7.5 Without prejudice to By-Law 24, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.2, the following provisions shall apply:
- (a) within one (1) month after the discovery of the error, the Company shall issue a supplemental Letter of Offer, stating the correct particulars referred to in By-Law 7.2;
 - (b) in the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental Letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
 - (c) in the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental Letter of Offer shall be the correct Subscription Price applicable as at the date of the original Letter of Offer, but it shall not apply to any Options which have already been exercised as at the date of issue of the supplemental Letter of Offer.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH**8. ACCEPTANCE**

- 8.1 An Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options. The date of receipt of such written notice by the Option Committee shall constitute the date of acceptance.
- 8.2 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the Eligible Person, and the Eligible Person shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future. However, Options not taken up resulting from the non-acceptance of Offers within the Offer Period shall thereafter form part of the balance of Options available under the Scheme for future Offers.
- 8.3 As soon as practicable after the due acceptance of the Offer in accordance with the provisions of this By-Law 8, the Option Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee. For the avoidance of doubt, the Grantee is entitled to exercise the Options granted to and accepted by him pending the issuance of a certificate of Option by the Option Committee to the Grantee.

9. NON-TRANSFERABILITY

- 9.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 and 14.3, is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group.
- 9.2 An Option shall not be transferred, assigned, disposed of or made subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 15.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

10. EXERCISE OF OPTIONS

- 10.1 Subject to By-Laws 15.2, 15.3, 17 and 18, a Grantee shall be allowed to exercise the Options granted to him on the terms set out in the letter of Offer on such date or period which may be stipulated by the Option Committee, whilst he is in the employment of the Group, and within the Option Period. The Option Committee shall at its sole and absolute discretion, determine the performance targets, if any, required to be achieved by a Grantee before he is allowed to exercise the Options granted to him.
- 10.2 Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company. For the avoidance of doubt, it is hereby stated that the provisions of By-Law 10.1 are subject to the provisions of this By-Law 10.2.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- 10.3 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of Shares relating thereto and the Grantee's individual/nominee CDS Account number ("**Exercise Notice**"). The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time. The Options shall be exercised in multiples of and not less than one thousand (1000) Options. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him, during the Option Period.
- 10.4 Every Exercise Notice shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashiers' order for the full amount of the subscription money in relation to the number of Shares in respect of which the Exercise Notice is given.
- 10.5 Within eight (8) Market Days of the receipt by the Company of such Exercise Notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Articles of Association of the Company, the Central Depositories Act and the Rules of Bursa Depository, the Company shall allot the relevant number of Shares to the Grantee. The said Shares will be credited directly into the Grantee's individual/nominee CDS Account as stipulated by the Grantee in the Exercise Notice, and a notice of allotment stating the number of Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made for the listing and quotation of such Shares.
- 10.6 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Shares or in procuring Bursa Securities to list and quote the Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the Exercise Notice or for any errors in any Offers.
- 10.7 Any failure to comply with the procedures specified by the Option Committee or to provide information as required by the Company in the Exercise Notice or inaccuracy in the CDS Account number provided shall result in the Exercise Notice being rejected at the discretion of the Option Committee. The Option Committee shall inform the Grantee of the rejection of the Exercise Notice as soon as practicable and the Grantee shall not have deemed to have exercised his/her Option.
- 10.8 Notwithstanding anything to the contrary herein contained, the Option Committee shall have the right at its discretion by notice in writing to that effect:
- (a) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his/her Option. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its discretion, on the right of exercise of his/her Option having regard to the nature of the contravention provided always that in the event such contravention would result in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of employment of such Grantee; or

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- (b) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of employment of such Grantee) to exercise the Option pending the outcome of such disciplinary proceedings. In addition to his/her right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its discretion, on the right of exercise of his/her Option having regard to the nature of the charges made or brought against such Grantee, provided always that:
- (i) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the right of such Grantee to exercise his/her Option; or
 - (ii) in the event such Grantee is found guilty resulting in the dismissal or termination of employment of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of employment of such Grantee; or
 - (iii) in the event such Grantee is found guilty but not dismissed or terminated, the Option Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his/her Option and if so, to impose such terms and conditions as it deems appropriate, on such exercise.

11. SUBSCRIPTION PRICE

The Subscription Price of each Share comprised in any Option shall be the higher of the following:

- (a) a price to be determined by the Option Committee based on the volume weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer on which the Shares were traded, with a discount of not more than ten per centum (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
- (b) the par value of the Shares,

subject to such adjustments as stipulated under By-Law 16 herein or as may be amended from time to time.

12. RIGHTS OF A GRANTEE

- 12.1 The Options shall not carry any right to vote at any general meeting of the Company.
- 12.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH**13. RIGHTS ATTACHING TO SHARES**

The new Shares to be allotted upon the exercise of any Options will, upon issuance and allotment, rank *pari passu* in all respects with the existing Shares of the Company, except that the new Shares will not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid to shareholders, for which the Entitlement Date is prior to the date of allotment of the said new Shares. The new Shares will be subject to all the provisions of the Articles of Association of the Company.

14. HOLDING OF SHARES

14.1 The new Shares to be issued and allotted to a Grantee pursuant to the exercise of Options under the Scheme will not be subject to any retention period or restriction on transfer. However, the Company encourages Grantees to hold the Shares subscribed for by them for as long as possible although a Grantee may sell the Shares subscribed for by the Grantee at any time after such Shares have been credited to the Grantee's individual/nominee CDS Account. A Grantee should note that the Shares are intended for him to hold as an investment rather than for any speculative purposes and/or for the realisation of any immediate gain.

14.2 Notwithstanding By-Law 14.1, a Grantee who is a non-executive Director must not sell, transfer or assign Shares obtained through the exercise of the Options offered to him within one (1) year from the Date of Offer.

15. TERMINATION OF OPTION

15.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:

- (a) termination of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee notifies his employer of his resignation or on the Grantee's last day of employment, whichever is the earlier; or
- (b) upon the happening of any event which results in the Grantee being deprived of the beneficial ownership of the Option; or
- (c) if the Grantee becomes a bankrupt.

Upon the termination of Options pursuant to By-Law 15.1(a), (b) or (c) above, the Grantee shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

15.2 Notwithstanding By-Law 15.1 above, the Option Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:

- (a) retirement in accordance with the normal retirement policy of the Group from time to time; or

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- (b) retirement before attaining the normal retirement age and with the consent of the employer company within the Group; or
 - (c) ill-health, injury, physical or mental disability; or
 - (d) retrenchment or voluntary separation scheme; or
 - (e) transfer to any company outside the Group at the direction of the Company; or
 - (f) any Director not being re-appointed during a general meeting of the Company; or
 - (g) any other circumstance acceptable to the Option Committee.
- 15.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period subject to the approval of the Option Committee.

The exercise of Options in the proportions set out in By-Law 10.1 hereof shall not apply to an exercise of the Options of a deceased Grantee by his personal or legal representative. The proportion exercisable is at the discretion of the Option Committee.

16. ALTERATION OF CAPITAL

- 16.1 Subject to By-Law 16.3, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:
- (a) the number of Options granted to each Grantee; and/or
 - (b) the Subscription Price,
- as shall be necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment.
- The computation for the adjustment to the number of Options granted to each Grantee and/or the Subscription Price is set out in Appendix A to these By-Laws.
- 16.2 By-Law 16.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) an issue of Shares pursuant to the exercise of Options under the Scheme; or
 - (b) an issue of securities as consideration for an acquisition; or
 - (c) an issue of securities as a private placement; or
 - (d) an issue of securities as a special issue approved by the relevant governmental authorities; or

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

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- (e) a restricted issue of securities; or
 - (f) an issue of Shares arising from the exercise of any conversion rights in respect of securities convertible into new Shares including but not limited to warrants and convertible loan stocks; or
 - (g) an issue of further Options to Eligible Persons under these By-Laws; or
 - (h) a share buy-back arrangement by the Company, pursuant to Section 67A of the Act.
- 16.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 16.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 16.1 is applicable, but By-Law 16.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company as set out in By-Law 16.2.
- 16.4 Upon any adjustment being made, the Option Committee shall give notice in writing within a period of one (1) month from the date of the adjustment, to the Grantee, or his legal or personal representative where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto. Any adjustments, other than on a bonus issue, must be confirmed in writing either by an approved external auditor of the Company or the adviser (which must be a principal adviser under the Securities Commission Malaysia's Principal Adviser's Guidelines), acting as an expert and not as an arbitrator, as to its fairness and reasonableness. Nevertheless, for the avoidance of doubt, by virtue of By-Law 28, the decision of the Board shall be final and binding in all respects.

17. TAKE-OVERS AND MERGERS

- 17.1 In the event of an offer being made for Shares under the Capital Markets And Services Act, 2007 and the Malaysian Code on Take-Overs and Mergers, 2010 and such offer being declared unconditional, the following provisions shall apply:
- (a) a Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of By-Law 10.3. In the event that the Grantee elects not to exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and
 - (b) if during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Shares under the provisions of the Capital Markets and Services Act, 2007 and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of By-Law 10.3. In the event that the Grantee elects not to exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.

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- 17.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date on which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date such compromise or arrangement becomes effective.
- 17.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply in respect of By-Laws 17.1(a), 17.1(b) and 17.2 above.

18. DIVESTMENT FROM GROUP

- 18.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:
- (a) shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment until the Date of Expiry and in accordance with the provisions of By-Law 10.3. In this instance, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the Scheme; and
 - (b) shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.
- 18.2 For the purposes of By-Law 18.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

19. LIQUIDATION

In the event that any order is made or the date on which a provisional liquidator is appointed by the Company in the case of a voluntary winding-up or the date on which a petition for winding-up is served on or resolution is passed by the shareholders of the Company to wind up the Company,

- (a) all unexercised or partially exercised Options shall cease and be null and void and have no further effect; and
- (b) all Offers made but not yet accepted by the Eligible Persons shall automatically lapse,

from the effective date of the order or resolution, as the case may be, for such winding-up or liquidation of the Company.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH**20. DURATION, TERMINATION AND EXTENSION OF SCHEME**

- 20.1 The effective date for the implementation or launching of the Scheme ("**Effective Date**") shall be the date of full compliance with all the relevant requirements of the Listing Requirements including the following:
- (a) pursuant to paragraph 6.42 of the Listing Requirements, submission of the final copy of these By-Laws together with a letter of compliance and checklist showing compliance with Appendix 6E of the Listing Requirements;
 - (b) receipt of approval or approval-in-principle, as the case may be, from Bursa Securities for the listing and quotation of the new Shares to be issued upon the exercise of the Options under the Scheme;
 - (c) the approval of the Company's shareholders in a general meeting for the Scheme and the approvals of any other relevant authorities; and
 - (d) the fulfillment or waiver, as the case may be, of all conditions attaching to the aforesaid approvals, if any.
- 20.2 The Adviser of the Company shall submit a confirmation letter to Bursa Securities of full compliance pursuant to paragraph 6.43(2) of the Listing Requirements stating the Effective Date of the Scheme together with a certified true copy of a resolution passed by the shareholders of the Company in general meeting. The confirmation letter shall be submitted to Bursa Securities no later than five (5) Market Days after the Effective Date.
- 20.3 The Scheme shall be in force for a period of five (5) years from the Effective Date ("**Option Period**"), provided always that on or before the expiry thereof, 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 five (5) years or such shorter period as the Option Committee may deem fit immediately after the expiry of the Option Period ("**Extended Option Period**") provided that the initial Option Period and the Extended Option Period shall not in aggregate exceed the duration of ten (10) years from the Effective Date. The Company shall serve appropriate notices on each Grantee and/or make the necessary announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme. Any Extended Option Period under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force.
- 20.4 Offers can only be made during the duration of the Scheme before the Date of Expiry.
- 20.5 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.

21. TERMINATION OF THE SCHEME

- 21.1 Notwithstanding the provisions of By-Law 20.3, the Scheme may, upon the approval from the Board, terminate the Scheme at any time during its duration and may do so notwithstanding that there may be Grantees who have yet to exercise their Options, whether in whole or in part.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

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- 21.2 No Grantee shall be entitled to any compensation for damages arising from the termination of this Scheme pursuant to the provisions of these By-Laws.
- 21.3 In the event that the Company terminates the Scheme before its expiry, the Company shall immediately announce to Bursa Securities:
- (a) the effective date of termination;
 - (b) the number of Options exercised or shares vested; and
 - (c) the reason for termination;
- and upon such termination,
- (a) all unexercised or partially exercised Options shall cease and be null and void and have no further effect; and
 - (b) all Offers made but not yet accepted by the Eligible Persons shall automatically lapse.

22. SUBSEQUENT EMPLOYEE SHARE OPTION, ISSUANCE OR GRANT SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may at any time during the Option Period or Extended Option Period of the Scheme, establish further Share Grant Scheme (as defined under the Listing Requirements) and/or Share Issuance Scheme (as defined under the Listing Requirements) provided that the aggregate number of shares available under all Employees Share Scheme (as defined under the Listing Requirements) does not breach the limit stipulated in By-Law 4.2.

23. ADMINISTRATION

- 23.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.
- 23.2 Without limiting the generality of By-Law 23.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 23.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH**24. AMENDMENT**

- 24.1 Subject to By-Law 24.2 and compliance with the Listing Requirements, the Option Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation subject to the Company submitting the amended By-Laws and a confirmation letter to Bursa Securities for the amendment made, that the said amendment is in compliance with the provisions of the Listing Requirements pertaining to employee share option schemes, within five (5) Market Days of the effective date of the said amendments pursuant to paragraph 6.42 and 6.43 of the Listing Requirements.
- 24.2 The approval of the Grantees or the shareholders of the Company in general meeting shall not be required provided that no additions or amendments to or deletions of these By-Laws shall be made which will:
- (a) materially prejudice any rights then accrued to any Grantee or shareholder of the Company without the prior consent or sanction of that Grantee and approval of the Company's shareholders in a general meeting; or
 - (b) increase the number of Shares available under the Scheme beyond the maximum imposed by By-Law 4.2.
- 24.3 For the purpose of complying with the provisions of Appendix 6E of the Listing Requirements, the provisions of By-Laws 4, 5, 6, 8, 10, 11, 12, 13, 14, 20 and this By-Law 24 shall not be amended or altered in any way whatsoever to the advantage of Eligible Persons or Grantees without the prior approval of shareholders in a general meeting.
- 24.4 The Grantees shall be given written notice in the term prescribed by the Option Committee from time to time of any amendments to and/or modifications of these By-Laws within one (1) month from the effective date of the said amendments.

25. INSPECTION OF ACCOUNTS

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company during normal business hours from Monday to Friday (except public holidays).

26. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment nor any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Employee or Director.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)**WONG BEH & TOH****27. NO COMPENSATION FOR TERMINATION**

No Employee or Director shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws.

28. DISPUTES

Any disputes arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects, provided that any Directors of the Company who are also in the Option Committee shall abstain from deliberations and voting, and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

29. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issuance and allotment of Shares pursuant to the exercise of Options, shall be borne by the Company.

30. ARTICLES OF ASSOCIATION

In the event of a conflict between any of the provisions of these By-Laws and the Articles of Association of the Company, the Articles of Association shall prevail.

31. GOVERNING LAW

The Scheme and these By-Laws and all Options granted hereunder shall be governed by and construed in accordance with the laws of Malaysia.

32. NOTICE

32.1 Any notice which under the Scheme is required to be given to or served shall be given or served in writing and either delivered personally or sent by courier or by prepaid registered post or by facsimile or other electronic means of written communication addressed to the intended recipient thereof, as the case may be,

- (a) at the address or facsimile number of the Company specified below:

Address : 102, Batu 1 ½, Jalan Meru
41050 Klang,
Selangor Darul Ehsan,
Malaysia

Facsimile number : 03- 3341 1967

or

- (b) at the place of employment or at the last address or facsimile number known by the Company as being the address or facsimile number of the Eligible Person or Grantee;

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

32.2 Any notice shall be deemed to have been duly served if (i) despatched personally, at the point of delivery; or (ii) if it is sent or made by facsimile, immediately after transmission thereof, provided that, following the transmission produces a transmission confirmation report, confirming successful transmission of the facsimile from the facsimile machine of the sender; or (iii) if sent by courier or prepaid registered post, two (2) days from the date of posting or (iv) by other electronic means of written communication, the following business day on which the communication has been sent.

33. TAXES

All taxes, (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

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DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH**APPENDIX A**

The Subscription Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the Option Committee and certified by the external auditors (acting as experts and not as arbitrators) in accordance with the following relevant provisions:

- (a) if and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price and the additional Shares comprised in the Options so far as unexercised ("**Additional Shares Under Option**") shall be adjusted, calculated or determined in the following manner:

$$\text{New Subscription Price} = \frac{S \times \text{Revised par value for each Share}}{\text{Original par value for each Share}}$$

$$\text{Additional Shares Under Option} = \frac{T \times \text{Original par value for each Share}}{\text{Revised par value for each Share}} - T$$

Where:

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

(The par value shall be adjusted to the revised par value)

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

- (b) if and whenever the Company shall make an issue of new Shares credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Subscription Price} = \frac{S \times A}{A + B}$$

Whilst the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (A + B)}{A} - T$$

Where:

A = The aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)**WONG BEH & TOH**

- B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

- (c) if and whenever the Company shall make:
- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unappropriated by available assets); or
 - (ii) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or
 - (iii) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares;

then and in any such case, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (C - D)}{C}$$

Where:

- S = Existing Subscription Price;
- C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and
- D = (A) In the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or
- (B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditors of the Company) by a licensed merchant bank or universal broker, of that portion of the Capital Distribution attributable to one (1) Share.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)**WONG BEH & TOH**

For the purpose of definition (A) of "D" above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

Where:

- C = C in this paragraph (c);
- E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;
- F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and
- 1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under Option shall be calculated as follows:

$$\text{Additional Shares Under Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:

- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised;
- C = C in this paragraph (c); and
- D* = The "value of the rights attributable to one (1) Share" (as defined below)

For the purpose of D* above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

- C = C in this paragraph (c);
- E* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share;
- F* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share; and
- 1 = One (1)

For the purpose of this paragraph (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)**WONG BEH & TOH**

including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) if and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of the offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C)] + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:

- G = The aggregate number of issued and fully paid-up Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as the case may be;
- H* = The aggregate number of shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share as the case may be;
- I* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- B = B in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)**WONG BEH & TOH**

- (e) if and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;
- J = The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one additional Share;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for above transaction.

- (f) if and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)**WONG BEH & TOH**

and the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;
- J = J as in paragraph (e) above;
- K = K as in paragraph (e) above;
- B = B as in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of shares comprised in the Option in respect of the right to subscribe for new shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (g) for the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be either the average of the last dealt price or average transacted price for the five (5) consecutive Market Days before such date or other period as many be determined in accordance with any guidelines issued, from time to time, by the SC.

The foregoing provisions on adjustment of the Subscription Price shall be subject to the following:

- (A) in any such adjustment the resultant Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of larger par value) involve an increase in the Subscription Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (B) no adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1) Share and any adjustment that would otherwise be required then to be made will not be carried forward;

DRAFT BY-LAWS IN RELATION TO THE PROPOSED ESOS (Cont'd)

WONG BEH & TOH

- (C) if an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (a) to (f) of By-Law 16.1 (both inclusive) or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (D) if for any reason an event giving rise to an adjustment to the Subscription Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (E) no adjustment shall be made in any event whereby the Subscription Price would be reduced to below the par value of a Share and in the event that any adjustment shall result in the Subscription Price be reduced below the par value of a Share, then the adjustment shall be made to the par value of a Share only; and
- (F) in determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

Our Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading.

2. CONSENTS AND CONFLICT OF INTERESTS**2.1 HLIB**

HLIB, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

HLIB has given its written confirmation that it is not aware of any conflict of interest, which exists or is likely to exist, which would give rise to a possible conflict of interest situation in its capacity as the Adviser to our Company in respect of the Proposals.

2.2 Messrs Ernst & Young

Messrs Ernst & Young, being the Reporting Accountants for the Proposed Bonus Issue, has given and has not subsequently withdrawn its written consent to the inclusion of its name, letter on the adequacy of reserves for capitalisation in relation to the Proposed Bonus Issue and all references thereto in the form and context in which they appear in this Circular.

Messrs Ernst & Young has given its written confirmation that it is not aware of any conflict of interest, which exists or is likely to exist, which would give rise to a possible conflict of interest situation in its capacity as the Reporting Accountants to our Company in respect of the Proposed Bonus Issue.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**3.1 Material commitments**

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group, which may have a material impact on the financial position of our Group.

3.2 Contingent liabilities

As at the LPD, our Board is not aware of any material contingent liabilities incurred or known to be incurred by our Group which upon becoming enforceable, may have a material adverse effect on the financial position of our Group.

4. MATERIAL LITIGATION

As at the LPD, neither our Company nor any of our subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and our Board does not have any knowledge of any proceedings, pending or threatened, against our Group or of any facts likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of our Group.

FURTHER INFORMATION (Cont'd)

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at our Registered Office at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal office hours from Mondays to Fridays (except for public holidays) from the date of this Circular up to and including the date of our forthcoming EGM:

- (i) M&A of LTKM;
- (ii) Letters of consent and declaration of conflict of interests referred to in Section 2 above;
- (iii) Audited consolidated financial statements of LTKM for the past 2 FYEs 31 March 2013 and 31 March 2014 as well as the latest unaudited quarterly result for the 9-month FPE 31 December 2014;
- (iv) Draft By-Laws; and
- (v) Reporting Accountants' letter on the adequacy of reserves for capitalisation in relation to the Proposed Bonus Issue as set out in Appendix I of this Circular.

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LTKM BERHAD

(Company No. 442942-H)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of LTKM Berhad (“**LTKM**” or “**Company**”) will be held at Merrida Hotel, No. 18A, Lebuhraya Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan, Malaysia on Friday, 12 June 2015 at 10:00 a.m., or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions, with or without any modification(s):

ORDINARY RESOLUTION 1

PROPOSED 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 (“PROPOSED BONUS ISSUE”)

“**THAT** subject to the approvals of all the relevant regulatory authorities, including but not limited to, the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the new LTKM Shares to be issued hereunder on the Main Market of Bursa Securities, the board of directors of the Company (“**Board**”) be and is hereby authorised to increase the issued and paid-up capital of the Company by way of a bonus issue of 21,684,001 Bonus Shares by capitalising RM21,684,001 from the share premium and retained earnings of the Company and that the same be applied in making payment in full for the 21,684,001 Bonus Shares to be issued and credited as fully paid-up to the entitled shareholders of the Company whose names shall appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board on the basis of 1 Bonus Share for every 2 existing LTKM Shares held;

THAT such Bonus Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing LTKM Shares except that they shall not be entitled to participate in any dividends, rights, allotments and/or any other distributions whose entitlement date precedes the allotment date of the Bonus Shares;

THAT fractional entitlements of the Bonus Shares, if any, arising from the Proposed Bonus Issue shall be disregarded and be dealt with in such manner as the Board in its absolute discretion deems fit and expedient, and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to sign and execute all documents with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as it may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue.”

ORDINARY RESOLUTION 2

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY 1 LTKM SHARE HELD INTO 2 NEW ORDINARY SHARES OF RM0.50 EACH IN LTKM ON AN ENTITLEMENT DATE TO BE DETERMINED (“PROPOSED SHARE SPLIT”)

“**THAT** subject to the passing of Special Resolution and the approvals of all the relevant regulatory authorities, including but not limited to, the approval of Bursa Securities for the listing of and quotation for the new ordinary shares of RM0.50 each in the Company (“**Subdivided Shares**”) hereunder on the Main Market of Bursa Securities, approval be and is hereby given to the Board to subdivide each of the existing LTKM Shares held by the entitled shareholders of the Company whose names shall appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board, into 2 Subdivided Shares and that such Subdivided Shares shall, upon issuance and allotment, rank *pari passu* in all respects with each other;

THAT fractional entitlements of the Subdivided Shares, if any, arising from the Proposed Share Split shall be disregarded and be dealt with in such manner as the Board in its absolute discretion deems fit and expedient, and in the best interest of the Company;

AND THAT the Board be and is hereby authorised to sign and execute all documents with full powers to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as it may deem necessary or expedient to implement, finalise and give full effect to the Proposed Share Split.”

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME OF UP TO 10% OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL (EXCLUDING TREASURY SHARES, IF ANY) OF LTKM (“PROPOSED ESOS”)

“**THAT** subject to the approvals of all the relevant regulatory authorities, including but not limited to, the approval of Bursa Securities for the listing of and quotation for the new ordinary shares in the Company to be issued hereunder, the Board be and is hereby authorised:

- (i) to establish, implement and administer an employees’ share option scheme to be known as the “LTKM Employees’ Share Option Scheme” (“**Scheme**”) for the benefit of directors and employees of LTKM and its subsidiaries (excluding subsidiaries which are dormant), who meet the eligibility criteria for participation in the Proposed ESOS (“**Eligible Persons**”) in accordance with the provisions of the by-laws of the Scheme (“**By-Laws**”) as set out in Appendix II of the Circular to shareholders dated 21 May 2015 (“**Circular**”) and to give full effect to the Scheme with full power to assent to any conditions, variations, modifications and/or amendments thereto as the Board may deem fit or expedient and/or as may be imposed/agreed to by the regulatory authorities in connection with the Proposed ESOS;
- (ii) to do all things necessary and make the necessary applications at the appropriate time to Bursa Securities for the listing of and quotation for the new ordinary shares in LTKM which may from time to time be issued and allotted pursuant to the Scheme;
- (iii) to issue and allot from time to time such number of new ordinary shares in LTKM as may be required pursuant to the exercise of the options under the Proposed ESOS provided that the total number of new ordinary shares in LTKM to be issued and allotted under the Scheme shall not exceed in aggregate 10% of the total issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM at any point of time throughout the duration of the Scheme and that such new ordinary shares in LTKM shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing ordinary shares in LTKM, save and except that the new ordinary shares in LTKM shall not be entitled to any dividends, rights, allotments and/or any other distributions, of which the entitlement date (namely the date as at the close of business on which shareholders must be entered in the Record of Depositors in order to be entitled to any dividends, rights, allotments or any other distributions that may be declared, made or paid in respect of the ordinary shares in LTKM), of which the entitlement date precedes the relevant date of issuance and allotment of such new ordinary shares in LTKM under the Scheme and will be subject to the provisions of the Articles of Association of LTKM and such amendments thereafter, if any;
- (iv) to modify and/or amend all or any part of the Scheme, By-Laws and all rules, regulations and administration relating to the Scheme from time to time as may be permitted by the authorities or deemed necessary by the relevant regulatory authorities or the Board or the Option Committee provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the By-Laws;
- (v) to extend the duration of the Proposed ESOS, as the Board may deem fit, for up to a maximum period of an additional 5 years (“**Proposed ESOS Extension**”); and

- (vi) to do all such acts and things and to execute all such documents and enter into all such transactions, arrangements, agreements, deeds or undertakings, to make such rules and regulations, or impose such terms and conditions or delegate part or all of its powers, as may be necessary or expedient in order to implement, finalise and give full effect to the Scheme and the terms of the By-Laws;

THAT the Board be and is hereby authorised to give effect to the Proposed ESOS and Proposed ESOS Extension with full power to consent to and to adopt any such conditions, modifications, variations and/or amendments (including adopting such modifications, variations and/or amendments to the By-Laws as set out in Appendix II of the Circular) as it may deem fit and/or as may be required by the relevant regulatory authorities;

AND THAT the proposed By-Laws as set out in Appendix II of the Circular, which is in compliance with the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") be and is hereby approved and adopted."

ORDINARY RESOLUTION 4

PROPOSED ALLOCATION OF OPTIONS TO IR. KAMARUDIN BIN MD DEROM

THAT subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Ir. Kamarudin bin Md Derom, the Independent Non-Executive Chairman of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws."

ORDINARY RESOLUTION 5

PROPOSED ALLOCATION OF OPTIONS TO DATUK TAN KOK

THAT subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Datuk Tan Kok, the Managing Director of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws."

ORDINARY RESOLUTION 6

PROPOSED ALLOCATION OF OPTIONS TO DATIN LIM HOOI TIN

THAT subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Datin Lim Hooi Tin, the Non-Independent Non-Executive Director of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

ORDINARY RESOLUTION 7

PROPOSED ALLOCATION OF OPTIONS TO OOI CHEE SENG

“**THAT** subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Ooi Chee Seng, the Independent Non-Executive Director of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

ORDINARY RESOLUTION 8

PROPOSED ALLOCATION OF OPTIONS TO RAVINDRAN A/L MARKANDU

“**THAT** subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Ravindran A/L Markandu, the Independent Non-Executive Director of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

ORDINARY RESOLUTION 9

PROPOSED ALLOCATION OF OPTIONS TO TAN YEE BOON

“**THAT** subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Tan Yee Boon, a director of LTK Omega Plus Sdn Bhd, a wholly-owned subsidiary of LTKM, and who is a son of Datuk Tan Kok, the Managing Director of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

ORDINARY RESOLUTION 10

PROPOSED ALLOCATION OF OPTIONS TO TAN YEE SIONG

“THAT subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Tan Yee Siong, the Account Manager of LTK (Melaka) Sdn Bhd, a wholly-owned subsidiary of LTKM, and who is a son of Datuk Tan Kok, the Managing Director of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

ORDINARY RESOLUTION 11

PROPOSED ALLOCATION OF OPTIONS TO TAN YEE HOU

“THAT subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Tan Yee Hou, the Business Development Manager of LTK Development Sdn Bhd, a wholly-owned subsidiary of LTKM, and who is a son of Datuk Tan Kok, the Managing Director of LTKM, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

ORDINARY RESOLUTION 12

PROPOSED ALLOCATION OF OPTIONS TO TAN CHEE HUEY

“THAT subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Tan Chee Huey, the Corporate Affairs Manager of LTKM, and who is a spouse of Tan Yee Boon, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

ORDINARY RESOLUTION 13

PROPOSED ALLOCATION OF OPTIONS TO LOH WEI LING

“**THAT** subject to the passing of Ordinary Resolution 3 above and the approvals of the relevant authorities or parties being obtained, the Board be and is hereby authorised, at any time and from time to time during the duration of the Scheme, to offer and allocate to Loh Wei Ling, the Administration Manager of Lumi Jaya Sdn Bhd, a wholly-owned subsidiary of LTKM, and who is a spouse of Tan Yee Siong, options to subscribe for not more than 10% of the new ordinary shares in LTKM available under the Scheme at the point in time when the Offer is made, be allocated to any individual Eligible Person who, either singly or collectively through persons connected (as defined in the Listing Requirements) with that Eligible Person, holds 20% or more of the issued and paid-up ordinary share capital (excluding treasury shares, if any) of LTKM;

AND THAT subject always to such terms and conditions of the Proposed ESOS and/or any adjustments which may be made in accordance with the provision of the By-Laws.”

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION (“PROPOSED M&A AMENDMENT”)

“**THAT** subject to the passing of Ordinary Resolution 2, the Memorandum and Articles of Association of the Company be amended as follows to facilitate the Proposed Share Split:

Existing	Proposed M&A Amendment
<p><u>Memorandum of Association</u> <u>Clause 5</u></p> <p>The capital of the Company is RM50,000,000.00¹ divided into 50,000,000¹ shares of RM1.00 each. The Company shall have the power to increase or reduce its capital, to consolidate or subdivide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights; privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the point of the Company is liable, to be redeemed.</p>	<p><u>Memorandum of Association</u> <u>Clause 5</u></p> <p>The capital of the Company is RM100,000,000.00 divided into <u>200,000,000</u> shares of <u>RM0.50</u> each. The Company shall have the power to increase or reduce its capital, to consolidate or subdivide the shares into shares of larger or smaller amounts, and to divide the shares forming the capital (original, increased or reduced) of the Company into several classes and to attach thereto respectively, preferential, deferred or special rights; privileges or conditions as may be determined by, or in accordance with the regulations for the time being of the Company and to issue additional capital with any such rights, privileges or conditions as aforesaid, and any preference share may be issued on the terms that it is, or at the point of the Company is liable, to be redeemed.</p>
<p><u>Articles of Association</u> <u>Article 5</u></p> <p>The authorised share capital of the Company at the date of adoption of these Articles is Ringgit Malaysia One Hundred Million only (RM50,000,000.00)¹ divided into 50,000,000¹ ordinary shares of RM1.00 each. The Company may from time to time by ordinary resolution change its authorised share capital.</p>	<p><u>Articles of Association</u> <u>Article 5</u></p> <p>The authorised share capital of the Company at the date of adoption of these Articles is Ringgit Malaysia One Hundred Million only (RM100,000,000.00) divided into <u>200,000,000</u> ordinary shares of <u>RM0.50</u> each. The Company may from time to time by ordinary resolution change its authorised share capital.</p>

¹ On 23 February 2006, the Company had passed an ordinary resolution to increase its authorised share capital from RM50,000,000 comprising 50,000,000 LTKM Shares to RM100,000,000 comprising 100,000,000 LTKM Shares but no amendment was made to the Memorandum and Articles of Association of the Company to reflect such increase then.

AND THAT the Board be and is hereby authorised to take all such necessary steps with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as it may consider necessary or expedient to implement, finalise and give full effect to the Proposed M&A Amendment.”

By Order of the Board
LTKM BERHAD

NG YIM KONG
OOI HOY BEE @ OOI HOOI BEE
Company Secretaries

Selangor Darul Ehsan
21 May 2015

Notes:

- a) *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 5 June 2015 (General Meeting Record of Depositors) shall be eligible to attend and vote at the EGM or to appoint proxy or proxies to attend and vote on his behalf.*
- b) *A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one (1,000) ordinary shares may appoint up to ten (10) proxies to vote at the same meeting and each proxy appointed shall represent a minimum of one thousand (1,000) ordinary shares. Where a member appoints two (2) or more proxies to attend the same meeting, the members shall specify the proportions of his shareholding to be represented by each proxy.*
- c) *A member of the Company entitled to attend and vote at the EGM, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the EGM. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
- d) *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
- e) *A Proxy Form shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
- f) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- g) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.*

PROXY FORM



LTKM BERHAD
(Company No. 442942-H)
(Incorporated in Malaysia)

I/We _____ (NRIC No./Passport No./Company No.) _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a Member of LTKM BERHAD hereby appoint _____
(NRIC No./Passport No.) _____
(Full Name in Capital Letters)

of _____

or failing him/(her), _____ (NRIC No./Passport No.) _____
(Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her, the CHAIRMAN OF THE MEETING, as *my / our proxy to attend and vote for *me / us and on *my / our behalf at the Extraordinary General Meeting to be held at Merrida Hotel, No. 18A, Lebuhraya Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan, Malaysia on Friday, 12 June 2015 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/(her) discretion.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Resolution 1 - Proposed Bonus Issue		
2.	Resolution 2 - Proposed Share Split		
3.	Resolution 3 - Proposed ESOS		
4.	Resolution 4 - Proposed Allocation of Options to Ir. Kamarudin bin Md Derom		
5.	Resolution 5 - Proposed Allocation of Options to Datuk Tan Kok		
6.	Resolution 6 - Proposed Allocation of Options to Datin Lim Hooi Tin		
7.	Resolution 7 - Proposed Allocation of Options to Ooi Chee Seng		
8.	Resolution 8 - Proposed Allocation of Options to Ravindran A/L Markandu		
9.	Resolution 9 - Proposed Allocation of Options to Tan Yee Boon		
10.	Resolution 10 - Proposed Allocation of Options to Tan Yee Siong		
11.	Resolution 11 - Proposed Allocation of Options to Tan Yee Hou		
12.	Resolution 12 - Proposed Allocation of Options to Tan Chee Huey		
13.	Resolution 13 - Proposed Allocation of Options to Loh Wei Ling		
SPECIAL RESOLUTION			
	Proposed M&A Amendment		

*Strike out whichever is not applicable.



Notes:

- a) *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 5 June 2015 (General Meeting Record of Depositors) shall be eligible to attend and vote at the EGM or to appoint proxy or proxies to attend and vote on his behalf.*
- b) *A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at a general meeting who shall represent all the shares held by such member. A member holding more than one (1,000) ordinary shares may appoint up to ten (10) proxies to vote at the same meeting and each proxy appointed shall represent a minimum of one thousand (1,000) ordinary shares. Where a member appoints two (2) or more proxies to attend the same meeting, the members shall specify the proportions of his shareholding to be represented by each proxy.*
- c) *A member of the Company entitled to attend and vote at the EGM, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the EGM. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
- d) *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
- e) *A Proxy Form shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
- f) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- g) *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.*

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AFFIX
STAMP

The Company Secretary

LTKM BERHAD

(Company No. 442942-H)
Unit 07-02, Level 7, Persoft Tower
6B Persiaran Tropicana
Tropicana Golf & Country Resort
47410 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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