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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser 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 ACQUISITIONS BY LTK PROPERTIES SDN BHD AND LTK DEVELOPMENT SDN BHD, BOTH WHOLLY-OWNED SUBSIDIARIES OF LTKM BERHAD ("LTKM"), OF FOUR (4) ADJOINING PARCELS OF LEASEHOLD LANDS MEASURING IN AGGREGATE APPROXIMATELY 25,837 SQUARE METRES TOGETHER WITH BUILDINGS AND AMENITIES ERECTED THEREON FOR A TOTAL CASH CONSIDERATION OF RM58,403,100;**
- (II) **PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF LTKM AND ITS SUBSIDIARIES TO INCLUDE PROPERTY DEVELOPMENT**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Adviser**



*Strategic Capital*

**Strategic Capital Advisory Sdn Bhd**

(Company No. 478153-U)

(Licensed Investment Adviser – Corporate Finance (CMSL/A0124/2007))

The notice of the 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 on Monday, 5 September 2016 at 11:00 a.m. or immediately following the conclusion of the Company's Nineteenth Annual General Meeting which will be held at the same venue on the same day at 10.00 a.m. or any adjournment thereof, together with the Form of Proxy are enclosed with this Circular.

A shareholder entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. The Form of Proxy must be lodged 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 less than forty-eight (48) hours before the time and date stipulated for the EGM, as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

**Important Dates:**

Last day, date and time for lodging the Form of Proxy	:	Saturday, 3 September 2016 at 11:00 a.m.
Day, date and time of the EGM	:	Monday, 5 September 2016 at 11:00 a.m.

This Circular is dated 19 August 2016

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

“Act”	:	Companies Act, 1965, as amended from time to time including any re-enactment thereof
“Board”	:	Board of Directors of LTKM
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W)
“Chip Ngai”	:	Chip Ngai Engineering Works Sdn Bhd (10217-A), a wholly-owned subsidiary of CN Asia
“Chip Ngai Shares”	:	Ordinary shares of RM1.00 each in Chip Ngai
“Circular”	:	This circular to shareholders in relation to the Proposed Acquisitions and Proposed Diversification dated 19 August 2016
“CN Asia”	:	CN Asia Corporation Berhad (399442-A)
“CN Asia Shares”	:	Ordinary shares of RM1.00 each in CN Asia
“Crystal Bond”	:	Crystal Bond Sdn Bhd (204809-D)
“Crystal Bond Shares”	:	Ordinary shares of RM1.00 each in Crystal Bond
“Douwin”	:	Douwin Sdn Bhd (205994-P)
“Douwin Shares”	:	Ordinary shares of RM1.00 each in Douwin
“EGM”	:	Extraordinary general meeting
“EPS”	:	Earnings per share
“FYE”	:	Financial year ended/ending, as the case may be
“GDC”	:	Gross development cost
“GDV”	:	Gross development value
“JFSB”	:	Jarom Firstville Sdn Bhd (1162206-H), a wholly-owned subsidiary of LTKDSB
“km”	:	kilometre(s)
“Land”	:	A piece of land that was acquired by the Group in year 2010, measuring approximately 8.5237 hectares or 21.0625 acres located in Jenjarom, District of Kuala Langat, Selangor Darul Ehsan
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time and any Practice Notes issued in relation thereto
“LPD”	:	5 August 2016, being the latest practicable date prior to the printing of this Circular
“LTKM” or “Company”	:	LTKM Berhad (442942-H)
“LTKM Group” or “Group”	:	LTKM and its subsidiaries, collectively
“LTKM Shares” or “Shares”	:	Ordinary shares of RM0.50 each in LTKM

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**DEFINITIONS (Cont'd)**

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“LTKDSB”	: LTK Development Sdn Bhd (557468-D), a wholly-owned subsidiary of LTKM
“LTKPSB”	: LTK Properties Sdn Bhd (504227-T), a wholly-owned subsidiary of LTKM
“LTKPSB Shares”	: Shares of RM1.00 each in LTKPSB
“Marvellous Production”	: Marvellous Production Sdn Bhd (251403-V)
“Marvellous Shares”	: Ordinary shares of RM1.00 each in Marvellous Production
“NA”	: Net assets
“Parcel 1”	: A leasehold land measuring approximately 9,669 square metres known as H.S (M) 20480, PT No. 17040, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor together with a 5-storey office building and two (2) single-storey factory buildings
“Parcel 2”	: A vacant leasehold land measuring approximately 6,559 square metres known as H.S. (M) 20479, PT No. 17041, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor
“Parcel 3”	: A vacant leasehold land measuring approximately 4,760 square metres known as H.S. (M) 20481, PT No 17042, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor
“Parcel 4”	: A leasehold land measuring approximately 4,849 square metres known as PM 8925, Lot 1196, Tempat Jalan Balakong Serdang, Pekan Baru Sungai Besi, District of Petaling, State of Selangor together with a single storey factory and a guardhouse
“Property”	: Parcel 1, Parcel 2, Parcel 3 and Parcel 4, collectively
“Proposals”	: The Proposed Acquisitions and Proposed Diversification, collectively
“Proposed Acquisitions”	: The proposed acquisitions by LTKPSB and LTKDSB of the Property measuring in aggregate approximately 25,837 square metres together with buildings and amenities erected thereon for the Total Consideration
“Proposed Diversification”	: Proposed diversification of the principal activities of the LTKM Group to include property development business
“Project”	: The proposed development of the Land, as detailed in Section 2.2.2
“Record of Depositors”	: A record of depositors established by Bursa Depository under the Rules of Bursa Depository
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“SCA”	: Strategic Capital Advisory Sdn Bhd (478153-U)
“SPA 1”	: Sale and purchase agreement dated 13 June 2016 between LTKPSB and Chip Ngai for the purchase by LTKPSB of Parcel 1 from Chip Ngai for a cash consideration of RM21,856,200
“SPA 2”	: Sale and purchase agreement dated 13 June 2016 between LTKPSB and Douwin for the purchase by LTKPSB of Parcel 2 from Douwin, for a cash consideration of RM14,826,300
“SPA 3”	: Sale and purchase agreement dated 13 June 2016 between LTKDSB and Crystal Bond for the purchase by LTKDSB of Parcel 3 from Crystal Bond, for a cash consideration of RM10,759,700

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**DEFINITIONS (Cont'd)**

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“SPA 4”	: Sale and purchase agreement dated 13 June 2016 between LTKDSB and Marvellous Production for the purchase by LTKDSB of Parcel 4 from Marvellous Production, for a cash consideration of RM10,960,900
“SPAs”	: Sale and purchase agreements in relation to the Proposed Acquisitions, namely, SPA 1, SPA 2, SPA 3 and SPA 4
“Total Consideration”	: Cash consideration for the Proposed Acquisitions of RM58,403,100
“Valuer”	: Henry Butcher Malaysia (SEL) Sdn Bhd (495503-K)

All references to “you” in this Circular are to the shareholders of LTKM.

Words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Unless specifically stated otherwise, all references to Sections and Appendices shall refer to sections and appendices of this Circular.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that LTKM's plans and objectives will be achieved.

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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

19 August 2016

### **Board of Directors:**

Ir. Kamarudin bin Md Derom (*Independent Non-Executive Chairman*)  
Datuk Tan Kok (*Managing Director*)  
Tan Chee Huey (*Executive Director*)  
Datin Lim Hooi Tin (*Non-Independent Non-Executive Director*)  
Ravindran A/L Markandu (*Independent Non-Executive Director*)  
Ooi Hoy Bee @ Ooi Hooi Bee (*Non-Independent Non-Executive Director*)

### **To: The Shareholders of LTKM Berhad**

Dear Sir/Madam,

- (I) **PROPOSED ACQUISITIONS**
  - (II) **PROPOSED DIVERSIFICATION**
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### **1. INTRODUCTION**

On 13 June 2016, SCA, on behalf of the Board, announced that the Company, through its wholly-owned subsidiaries LTKPSB and LTKDSB, proposes to undertake the Proposed Acquisitions.

On 27 June 2016, SCA, on behalf of the Board, announced that the Company proposes to undertake the Proposed Diversification.

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

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSALS AND 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. DETAIL OF THE PROPOSALS**

### **2.1 DETAILS OF THE PROPOSED ACQUISITIONS**

LTKM, via its wholly-owned subsidiaries, namely LTKPSB and LTKDSB, have entered into the following SPAs:

- (i) SPA 1, to effect the proposed acquisition by LTKPSB of Parcel 1 from Chip Ngai, a wholly-owned subsidiary of CN Asia, for a cash consideration of RM21,856,200. Pursuant to SPA 1, LTKPSB shall rent Parcel 1 to Chip Ngai for a tenure up to 36 months from the date of completion of SPA 1 for a monthly rental of RM22,000;
- (ii) SPA 2, to effect the proposed acquisition by LTKPSB of Parcel 2 from Douwin, a wholly-owned subsidiary of CN Asia, for a cash consideration of RM14,826,300. Pursuant to SPA 2, LTKPSB shall rent Parcel 2 to Douwin for a tenure up to 36 months from the date of completion of SPA 2 for a monthly rental of RM8,000;
- (iii) SPA 3, to effect the proposed acquisition by LTKDSB of Parcel 3 from Crystal Bond for a cash consideration of RM10,759,700; and
- (iv) SPA 4, to effect the proposed acquisition by LTKDSB of Parcel 4 from Marvellous Production for a cash consideration of RM10,960,900.

The total cash consideration for the Proposed Acquisitions amount to RM58,403,100.

#### **2.1.1 Source of funding**

The Total Consideration shall be fully funded by LTKM Group via internally generated funds and/or bank borrowings. The exact mix of the internally generated funds and bank borrowings will be decided by the management at a later stage after taking into consideration the gearing level, interest costs as well as the internal cash requirements for the business operations of the LTKM Group.

#### **2.1.2 Information on the Property**

The Property comprises four parcels of adjoining lands measuring a total of approximately 25,837 square metres or 6.385 acres, currently occupied by CN Asia, with a postal address of Lot 7907, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor. The buildings and amenities erected on the Property are one (1) 5-storey office building, three (3) single-storey factories, a guardhouse and an open yard.

The Property is located in the heart of Balakong township in Selangor, between the Kajang and Cheras townships. The properties are less than 1.3 kilometres away from the main interchange of Kajang Dispersal Link Expressway (or SILK) and Sungei Besi Highway where it provides easy and immediate access and links from Kuala Lumpur to Cheras, to Kajang and its vicinities namely Seri Kembangan, Bandar Sungai Long, Bandar Mahkota Cheras and Batu 11 Cheras. The link connectivity ie KL-Seremban Highway to Sungai Besi Highway, to SILK and to Cheras-Kajang Highway, was made possible by the well-planned transport infrastructure put in place over the years as local growth become imminent.

Upon completion of the Proposed Acquisitions, Parcel 1 and Parcel 2 will be rented to Chip Ngai and Douwin respectively, on terms set out in Section 2.1.6.1(g) and 2.1.6.2(g). As at the LPD, there is no arrangement or agreement between CN Asia and LTKDSB in relation to the renting of Parcel 3 and Parcel 4.

*[the remainder of this page is intentionally left blank]*

Details of the Property are summarised below:

		<b>Parcel 1</b>	<b>Parcel 2</b>	<b>Parcel 3</b>	<b>Parcel 4</b>
Title details	:	H.S (M) 20480, PT No. 17040, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor	H.S. (M) 20479, PT No 17041, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor	H.S. (M) 20481, PT No 17042, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor	PM 8925, Lot 1196, Tempat Jalan Balakong Serdang, Pekan Baru Sungai Besi, District of Petaling, State of Selangor
Registered proprietor	:	Chip Ngai	Douwin	Crystal Bond	Marvellous Production
Category of land use	:	Industrial	Industrial	Industrial	Industrial
Existing use	:	A 5-storey office building and two (2) single-storey factory buildings	Vacant land used as an open storage yard	Vacant	A single-storey factory building
Proposed use		Investment holding with probable future development potential	Investment holding with probable future development potential	Investment holding with probable future development potential	Investment holding with probable future development potential
Tenure / Approximate age of buildings	:	99 years lease expiring on 11 October 2091 / 22 years	99 years lease expiring on 11 October 2091 / -	99 years lease expiring on 11 October 2091 / -	99 years lease expiring on 11 October 2091 / 22 years
Land area/ Built-up area	:	9,669 square metres / 72,200 square feet	6,559 square metres / -	4,760 square metres / -	4,849 square metres / 20,800 square feet
Encumbrances	:	Charged to Public Bank Berhad	Charged to Public Bank Berhad	Nil	Charged to CIMB Bank Berhad
Restriction-in-interest	:	<i>"Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri"</i>			
Express conditions	:	<i>"i. Tanah yang diberimilik ini hendaklah semata-mata digunakan untuk Perusahaan Ringan.  ii. Pemilik hendaklah mengadakan kebersihan dan mengawal kekotoran-kekotoran udara daripada asap-asap, debu-debu, bau-bau, bahan kimia dan sebagainya yang boleh mengancam kesihatan orang ramai.  iii. Pemilik tidak dibenarkan membuang atau menyalurkan bahan minyak, sampah-sampah sarap, debu-debu, hampas-hampas, bahan-bahan ubat-ubatan yang mengandungi bahan kimia serta beracun yang boleh mengancam kesihatan dan sebagainya kedalam sungai atau parit-parit.  iv. Pemilik hendaklah membuat kerja-kerja mencegah nyamuk.  v. Pemilik hendaklah menetapkan sekurang-kurangnya 50% daripada pekerja-pekerja yang diambil menjalankan perusahaan ini mestilah orang-orang Bumiputra.  vi. Pemilik hendaklah mematuhi kehendak-kehendak Akta Kualiti Alam Sekeliling 1974 (Environmental Quality Act 1974).  vii. Pelan-pelan bangunan hendaklah diluluskan oleh Pihak Berkuasa Tempatan."</i>			

**Notes:**

*The net lettable/useable area of the Property equates the land area and build-up area of the respective buildings. The Property is currently being occupied by CN Asia and its subsidiaries for its operations.*



## **2.1.3 Information on the purchasers**

### **2.1.3.1 LTKPSB**

LTKPSB was incorporated in Malaysia under Act on 28 January 2000. The authorised share capital of LTKPSB is RM400,000 comprising 400,000 LTKPSB Shares and the total issued and paid up share capital is RM100,000 comprising 100,000 LTKPSB Shares. Its principal activity is investment property holding.

As at the LPD, the directors of LTKPSB are Datuk Tan Kok and Datin Lim Hooi Tin. LTKPSB is a wholly-owned subsidiary of LTKM.

### **2.1.3.2 LTKDSB**

LTKDSB was incorporated in Malaysia under the Act on 27 August 2001. The authorised share capital of LTKDSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each all of which are issued and paid up. Its principal activities are property development activities.

As at the LPD, the directors of LTKDSB are Datuk Tan Kok, Datin Lim Hooi Tin and Tan Yee Hou. LTKDSB is a wholly-owned subsidiary of LTKM.

## **2.1.4 Information on the vendors**

### **2.1.4.1 Information on Chip Ngai**

Chip Ngai was incorporated in Malaysia under the Act on 5 December 1970. The authorised share capital of Chip Ngai is RM25,000,000 comprising 25,000,000 Chip Ngai Shares and the total issued and paid up share capital is RM4,597,940 comprising 4,597,940 Chip Ngai Shares. Its principal activities are manufacturing and trading of underground and skid tanks, dish ends, pressure vessels, road tankers, piping for the petroleum industry and that of specialised engineering and fabrication works.

As at the LPD, the directors of Chip Ngai are Ho Cheng San, Angeline Chan Kit Fong and Ariffin bin Khalid. Chip Ngai is a wholly-owned subsidiary of CN Asia.

#### **Information on CN Asia**

CN Asia was incorporated in Malaysia under the Act on 23 August 1996. The authorised share capital of CN Asia is RM50,000,000 comprising 50,000,000 CN Asia Shares and the total issued and paid up share capital is RM45,382,500 comprising 45,382,500 CN Asia Shares.

On 29 May 2015, CN Asia had announced that it has triggered Paragraph 2.1(e) of the Practice Note 17 of the MMLR.

CN Asia is principally engaged in investment holding and providing management services, whilst the principal activities of its subsidiaries include the manufacturing, repairing and renting of transportable containers for hazardous chemicals and those carried out by Chip Ngai.

As at the LPD, the directors of CN Asia are Dato' Hilmi bin Mohd Noor, Ariffin bin Khalid, Ho Cheng San, Lee King Loon, Angeline Chan Kit Fong and Chong Ying Choy. As at 31 March 2016, the substantial shareholders of CN Asia are Ho Cheng San (35.46% direct shareholdings), Charles Ross Mckinnon (9.21%) and CN Asia Engineering Sdn Bhd (5.77%) (Source: Annual Report 2015 of CN Asia).

#### 2.1.4.2 Information on Douwin

Douwin was incorporated in Malaysia under the Act on 10 October 1990. The authorised share capital of Douwin is RM25,000 comprising 25,000 Douwin Shares and the total issued and paid up share capital is RM1,000 comprising 1,000 Douwin Shares. Its principal activities is investment property holding.

As at the LPD, the directors of Douwin are Ho Cheng San, Angeline Chan Kit Fong and Ariffin bin Khalid. Douwin is a wholly-owned subsidiary of CN Asia.

#### 2.1.4.3 Information on Crystal Bond

Crystal Bond was incorporated in Malaysia under the Act on 25 September 1990. The authorised share capital of Crystal Bond is RM25,000 comprising 25,000 Crystal Bond Shares and the total issued and paid up share capital is RM1,000 comprising 1,000 Crystal Shares. Its principal activities is investment property holding.

As at the LPD, the directors of Crystal Bond are Ho Cheng San and Angeline Chan Kit Fong. The shareholders of Crystal Bond are Ho Cheng San (99.9%) and Angeline Chan Kit Fong (0.1%).

#### 2.1.4.4 Information on Marvellous Production

Marvellous Production was incorporated in Malaysia under the Act on 21 October 1992. The authorised share capital of Marvellous Production is RM5,000,000 comprising 5,000,000 Marvellous Shares and the total issued and paid up share capital is RM2,300,000 comprising 2,300,000 Marvellous Shares. Its principal activities is investment property holding.

As at the LPD, the directors of Marvellous Production are Ho Cheng San and Angeline Chan Kit Fong. The shareholders of Marvellous Production are Ho Cheng San (90%) and Angeline Chan Kit Fong (10%).

#### 2.1.5 Basis of arriving on the purchase consideration

The Total Consideration was arrived at based on a "willing-buyer willing-seller" basis after taking into consideration the following:-

- (i) the strategic location of the Property which is situated in a growth area that provides investment and development potential in the foreseeable future; and
- (ii) the market values of the Property totalling RM58,410,000 as summarised below:

	Parcel 1	Parcel 2	Parcel 3	Parcel 4
Market value	: RM21,860,000 <sup>(1)</sup>	RM14,830,000 <sup>(1)</sup>	RM10,760,000 <sup>(1)</sup>	RM10,960,000 <sup>(1)</sup>
Date of valuation	: 7 June 2016	7 June 2016	7 June 2016	7 June 2016
Method of valuation	: Comparison Method	Comparison Method	Comparison Method	Comparison Method
Purchase consideration	: RM21,856,200	RM14,826,300	RM10,759,700	RM10,960,900
Net book value	: RM11,099,625 as at 31 December 2015	RM2,410,560 as at 31 December 2015	RM319,186 as at 31 December 2014	RM6,618,983 as at 31 December 2014

Note:

(1) Extracted from the valuation report dated 10 June 2016 prepared by the Valuer

#### 2.1.6 Salient terms of the SPAs

##### 2.1.6.1 SPA 1

The salient terms of SPA 1 are as follows:

**(a) The SPA**

The sale and purchase of the Parcel 1 is with legal possession and free from all encumbrances but subject to the restrictions in interest (if any) and conditions now or presently expressed or implied on the register document of title at the total purchase price of a sum of RM21,856,200 ("**Purchase Price 1**").

**(b) Conditions precedent**

- (i) The sale and purchase of Parcel 1 is conditional upon the following conditions being fulfilled within 3 months from the date of SPA 1, or such further period as will be mutually agreed by both parties ("**Conditional Period 1**"):
  - (a) Chip Ngai having obtained the letter of consent to transfer Parcel 1 in favour of LTKPSB from the Selangor State Government;
  - (b) Chip Ngai obtaining the approvals from the shareholders of CN Asia for the sale of Parcel 1 pursuant to the terms and conditions of the SPA 1; and
  - (c) LTKPSB obtaining its approvals from the shareholders of LTKM for the acquisition of Parcel 1 pursuant to the terms and conditions of the SPA 1.
- (ii) SPA 1 shall only become unconditional on the date where all the Conditions Precedent have been fulfilled ("**Unconditional Date 1**").

**(c) Payment of the purchase price**

The Purchase Price 1 shall be paid by LTKPSB in the following manner:

- (a) Upon the execution of SPA 1, LTKPSB shall pay a sum of RM2,185,620 which is 10% of the Purchase Price 1 being a security deposit for LTKPSB's performance of its obligation pursuant to SPA 1 ("**Deposit Sum 1**") in the following manner:
  - (i) RM655,686 being three per cent (3%) of the Purchase Price 1 for the purpose of the Real Property Gains Tax chargeable in respect of Parcel 1 in accordance with Section 21B of the Real Property Gains Tax Act 1976 to LTKPSB's Solicitors ("**Retention Sum**"); and
  - (ii) RM1,529,934 being seven per cent (7%) of the Purchase Price 1 to Chip Ngai's solicitors as stakeholders to be released (together with the interest accrued thereon) to Chip Ngai upon the Unconditional Date 1,the Deposit Sum 1 shall in the event of the completion of the sale and purchase herein form part payment towards the Purchase Price 1.
- (b) Within three (3) months from the Unconditional Date 1 ("**Completion Period 1**"), LTKPSB shall pay the total balance sum of RM19,670,580, being 90% of the Purchase Price 1 ("**Balance Purchase Price 1**") by way of banker's cheque in favour of Chip Ngai to be deposited with Chip Ngai's solicitors as stakeholders.
- (c) In the event that LTKPSB is unable to pay the Balance Purchase Price 1 within the Completion Period for any reason, Chip Ngai shall grant to LTKPSB an extension of two (2) months from the date of expiry of the Completion Period 1 ("**Extended Completion Period 1**") to pay the outstanding balance with interest calculated at the rate of 8% per annum on a daily basis.

**(d) Default by LTKPSB**

In the event that LTKPSB fails refuses or neglects to pay the Balance Purchase Price in accordance with SPA 1 and/or LTKPSB commits a fundamental breach of the SPA 1, Chip Ngai shall be entitled to terminate SPA 1 by a notice in writing and Deposit Sum 1 (together with interest accrued thereon) shall be forfeited to Chip Ngai absolutely as agreed liquidated damages.

**(e) Default by Chip Ngai**

In the event that Chip Ngai fails neglects or refuses to complete the sale and purchase of the Parcel 1 or commits a breach under SPA 1 which entitles LTKPSB to terminate SPA 1, LTKPSB shall be entitled to as follows:

- (i) the remedy of specific performance against Chip Ngai which means, compelling Chip Ngai to complete the sale and purchase of Parcel 1 contemplated under the SPA 1; or
- (ii) to terminate SPA 1 and in which event Chip Ngai shall pay to LTKPSB a sum equivalent to the Deposit Sum 1 as agreed liquidated damages.

**(f) Conditional upon SPA 2**

- (i) The completion of SPA 1 is subject to the completion of SPA 2.
- (ii) In the event of a termination of the SPA 2 due to Douwin's default or completion of the SPA 2 does not take place for any reasons due to Douwin's default, LTKPSB shall be entitled to either:
  - (a) terminate SPA 1 and in which event Chip Ngai shall pay to LTKPSB a sum equivalent to the Deposit Sum 1 as agreed liquidated damages and pay for all the cost and expense to re-transfer Parcel 1 to Chip Ngai if the transfer of Parcel 1 has been registered in favour of LTKPSB; or
  - (b) continue with SPA 1.
- (iii) In the event of a termination or non-completion of SPA 2 where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties thereto, then either party shall be entitled to terminate SPA 1 by written notice to the other party.

**(g) Other salient terms**

Upon completion of SPA 1, legal possession of Parcel 1 shall be deemed to be delivered to LTKPSB and LTKPSB shall let the same to Chip Ngai for a tenure up to 36 months for a monthly rental of RM22,000.

**2.1.6.2 SPA 2**

The salient terms of SPA 2 are as follows:

**(a) The SPA**

The sale and purchase of the Parcel 2 is with legal possession and free from all encumbrances but subject to the restrictions in interest (if any) and conditions now or presently expressed or implied on the register document of title at the total purchase price of a sum of RM14,826,300 ("**Purchase Price 2**").

**(b) Conditions precedent**

- (i) The sale and purchase of Parcel 2 is conditional upon the following conditions being fulfilled within 3 months from the date of SPA 2, or such further period as will be mutually agreed by both parties ("**Conditional Period 2**"):
  - (a) Douwin having obtained the letter of consent to transfer Parcel 2 in favour of LTKPSB from the Selangor State Government;

- (b) Douwin obtaining the approvals from the shareholders of CN Asia for the sale of Parcel 2 pursuant to the terms and conditions of the SPA 2; and
  - (c) LTKPSB obtaining approvals from the shareholders of LTKM for the acquisition of Parcel 2 pursuant to the terms and conditions of the SPA 2.
- (ii) SPA 2 shall only become unconditional on the date where all the Conditions Precedent have been fulfilled ("**Unconditional Date 2**").

**(c) Payment of the purchase price**

The Purchase Price 2 shall be paid by LTKPSB in the following manner:

- (a) Upon the execution of SPA 2, LTKPSB shall pay a sum of RM1,482,630, which is 10% of the Purchase Price 2 being a security deposit for LTKPSB's performance of its obligation pursuant to SPA 2 ("**Deposit Sum 2**") in the following manner:
  - (i) RM444,789, being three per cent (3%) of the Purchase Price 2 for the purpose of the Real Property Gains Tax chargeable in respect of Parcel 1 in accordance with Section 21B of the Real Property Gains Tax Act 1976 to LTKPSB's Solicitors ("**Retention Sum**"); and
  - (ii) RM1,037,841 being seven per cent (7%) of the Purchase Price 2 to Douwin's solicitors as stakeholders to be released (together with the interest accrued thereon) to Douwin upon the Unconditional Date 2,

the Deposit Sum shall in the event of the completion of the sale and purchase herein form part payment towards the Purchase Price 2.
- (b) Within three (3) months from the Unconditional Date 2 ("**Completion Period 2**"), LTKPSB shall pay the total balance sum of RM13,343,670, being 90% of the Purchase Price 2 ("**Balance Purchase Price 2**") by way of banker's cheque in favour of Douwin to be deposited with Douwin's solicitors as stakeholders.
- (c) In the event that LTKPSB is unable to pay the Balance Purchase Price 2 within the Completion Period 2 for any reason, shall grant to LTKPSB an extension of two (2) months from the date of expiry of the Completion Period 2 ("**Extended Completion Period 2**") to pay the outstanding balance with interest calculated at the rate of 8% per annum on a daily basis-

**(d) Default by LTKPSB**

In the event that LTKPSB fails refuses or neglects to pay the Balance Purchase Price 2 in accordance with SPA 2 and/or LTKPSB commits a fundamental breach of the SPA 2, Douwin shall be entitled to terminate the SPA 2 by a notice in writing and the Deposit Sum 2 (together with interest accrued thereon) shall be forfeited to Douwin absolutely as agreed liquidated damages.

**(e) Default by Douwin**

In the event that Douwin fails neglects or refuses to complete the sale and purchase of the Parcel 2 or commits a breach under SPA 2 which entitles LTKPSB to terminate SPA 2, LTKPSB shall be entitled to as follows:

- (i) the remedy of specific performance against Douwin which means, compelling Douwin to complete the sale and purchase of Parcel 2 contemplated under the SPA 2; or
- (ii) to terminate SPA 2 and in which event Douwin shall pay to LTKPSB a sum equivalent to the Deposit Sum 2 as agreed liquidated damages.

**(f) Conditional upon SPA 1**

- (i) The completion of SPA 2 is subject to the completion of SPA 1
- (ii) In the event of a termination of SPA 1 for any reasons due to Chip Ngai's default or completion of the SPA 1 does not take place for any reasons due to Chip Ngai's default, LTKPSB shall be entitled to either:
  - (a) terminate SPA 2 and in which event Douwin shall pay to LTKPSB a sum equivalent to the Deposit Sum 2 as agreed liquidated damages and pay for all the cost and expense to re-transfer Parcel 2 to Douwin if the transfer of Parcel 2 has been registered in favour of LTKPSB; or
  - (b) continue with SPA 2.
- (iii) In the event of a termination or non-completion of SPA 1 where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties hereto, then either party shall be entitled to terminate SPA 2 by written notice to the other party.

**(g) Other salient terms**

Upon completion of SPA 2, legal possession of Parcel 2 shall be deemed to be delivered to LTKPSB and LTKPSB shall let the same to Douwin for a tenure up to 36 months for a monthly rental of RM8,000.

**2.1.6.3 SPA 3**

The salient terms of SPA 3 are as follows:

**(a) The SPA**

The sale and purchase of the Parcel 3 is with vacant possession and free from all encumbrances but subject to the restrictions in interest (if any) and conditions now or presently expressed or implied on the register document of title at the total purchase price of a sum of RM10,759,700 ("**Purchase Price 3**").

**(b) Conditions precedent**

- (i) The sale and purchase of Parcel 3 is conditional upon the following conditions being fulfilled within 3 months from the date of SPA 3, or such further period as will be mutually agreed by both parties ("**Conditional Period 3**"):
  - (a) Crystal Bond having obtained the letter of consent to transfer Parcel 3 in favour of LTKDSB from the Selangor State Government; and
  - (b) LTKDSB obtaining approvals from the shareholders of LTKM for the acquisition of Parcel 3 pursuant to the terms and conditions of the SPA 3.
- (ii) SPA 3 shall only become unconditional upon on the date where all the Conditions Precedent have been fulfilled. ("**Unconditional Date 3**").

**(c) Payment of the purchase price**

The Purchase Price 3 shall be paid by LTKDSB in the following manner:

- (a) Upon the execution of SPA 3, LTKDSB shall pay a sum of RM1,075,970.00, which is 10% of the Purchase Price 3 being a security deposit for LTKDSB's performance of its obligation pursuant to SPA 3 ("**Deposit Sum 3**") in the following manner:

- (i) RM322,791.00, being three per cent (3%) of the Purchase Price 3 for the purpose of the Real Property Gains Tax chargeable in respect of Parcel 1 in accordance with Section 21B of the Real Property Gains Tax Act 1976 to LTKDSB's Solicitors ("**Retention Sum**"); and
- (ii) RM753,179.00, being seven per cent (7%) of the Purchase Price 3 to Crystal Bond's solicitors as stakeholders to be released (together with the interest accrued thereon) to Crystal Bond upon the Unconditional Date 3,

the Deposit Sum shall in the event of the completion of the sale and purchase herein form part payment towards the Purchase Price 3.

- (b) Within three (3) months from the Unconditional Date 3 ("**Completion Period 3**"), LTKDSB shall pay the total balance sum of RM9,683,730.00, being 90% of the Purchase Price 3 ("**Balance Purchase Price 3**") by way of banker's cheque in favour of Crystal Bond to be deposited with Crystal Bond's solicitors as stakeholders.
- (c) In the event that LTKDSB is unable to pay the Balance Purchase Price 3 within the Completion Period 3 for any reason, shall grant to LTKDSB an extension of two (2) months from the date of expiry of the Completion Period ("**Extended Completion Period 3**") to pay outstanding balance with interest calculated at the rate of 8% per annum on a daily basis.

**(d) Default by LTKDSB**

In the event that LTKDSB fails refuses or neglects to pay the Balance Purchase Price 3 in accordance with the SPA 3 and/or LTKDSB commits a fundamental breach of the SPA 3, Crystal Bond shall be entitled to terminate the SPA 3 by a notice in writing and the Deposit Sum 3 (together with interest accrued thereon) shall be forfeited to Crystal Bond absolutely as agreed liquidated damages.

**(e) Default of Crystal Bond**

In the event that Crystal Bond fails neglects or refuses to complete the sale and purchase of the Parcel 3 or commits a breach under SPA 3 which entitles LTKDSB to terminate SPA 3, LTKDSB shall be entitled to as follows:

- (i) the remedy of specific performance against Crystal Bond which means, compelling Crystal Bond to complete the sale and purchase of Parcel 3 contemplated under the SPA 3; or
- (ii) to terminate SPA 3 and in which event Crystal Bond shall pay to LTKDSB a sum equivalent to the Deposit Sum 3 as agreed liquidated damages.

**(f) Conditional upon SPA 4**

- (i) The completion of SPA 3 is subject to the completion of SPA 4.
- (ii) In the event of a termination of SPA 4 for any reasons due to Marvellous Production's default or completion of the SPA 4 does not take place for any reasons due to Marvellous Production's default, LTKDSB shall be entitled to either:
  - (a) terminate SPA 3 and in which event Crystal Bond shall pay to LTKDSB a sum equivalent to the Deposit Sum 3 as agreed liquidated damages and pay for all the cost and expense to re-transfer Parcel 3 to Crystal Bond if the transfer of Parcel 3 has been registered in favour of LTKDSB; or
  - (b) continue with SPA 3.



- (iii) In the event of a termination or non-completion of SPA 4 where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties hereto, then either party shall be entitled to terminate SPA 3 by written notice to the other party.

#### 2.1.6.4 SPA 4

The salient terms of SPA 4 are as follows:

**(a) The SPA**

The sale and purchase of the Parcel 4 is with vacant possession and free from all encumbrances but subject to the restrictions in interest (if any) and conditions now or presently expressed or implied on the register document of title at the total purchase price of a sum of RM10,960,900.00 ("**Purchase Price 4**").

**(b) Conditions precedent**

- (i) The sale and purchase of Parcel 4 is conditional upon the following conditions being fulfilled within 3 months from the date of SPA 4, or such further period as will be mutually agreed by both parties ("**Conditional Period 4**"):
  - (a) Marvellous Production having obtained the letter of consent to transfer Parcel 4 in favour of LTKDSB from the Selangor State Government; and
  - (b) LTKDSB obtaining approval from the shareholders of LTKM for the acquisition of Parcel 4 pursuant to the terms and conditions of the SPA 4.
- (ii) SPA 4 shall only become unconditional on the date where all the Conditions Precedent have been fulfilled ("**Unconditional Date 4**").

**(c) Payment of the purchase price**

The Purchase Price 4 shall be paid by LTKDSB in the following manner:

- (a) Upon the execution of SPA 4, LTKDSB shall pay a sum of RM1,096,090.00, which is 10% of the Purchase Price 4 being a security deposit for LTKDSB's performance of its obligation pursuant to SPA 4 ("**Deposit Sum 4**") in the following manner:
  - (i) RM328,827.00, being three per cent (3%) of the Purchase Price 4 for the purpose of the Real Property Gains Tax chargeable in respect of Parcel 1 in accordance with Section 21B of the Real Property Gains Tax Act 1976 to LTKDSB's Solicitors ("**Retention Sum**"); and
  - (ii) RM767,263.00 being seven per cent (7%) of the Purchase Price 4 to Marvellous Production's solicitors as stakeholders to be released (together with the interest accrued thereon) to Marvellous Production upon the Unconditional Date 4,

the Deposit Sum shall in the event of the completion of the sale and purchase herein form part payment towards the Purchase Price 4.

- (b) Within three (3) months from the Unconditional Date 4 ("**Completion Period 4**"), LTKDSB shall pay the total balance sum of RM9,864,810.00, being 90% of the Purchase Price 4 ("**Balance Purchase Price 4**") by way of banker's cheque in favour of Marvellous Production to be deposited with Marvellous Production's solicitors as stakeholders save and except where the portion of the Balance Purchase Price 4 is to be utilised to redeem Parcel 4 from the chargee.



- (c) In the event that LTKDSB is unable to pay the Balance Purchase Price 4 within the Completion Period 4 for any reason, shall grant to LTKDSB an extension of two (2) months from the date of expiry of the Completion Period ("**Extended Completion Period 4**") to pay the outstanding balance with interest calculated at the rate of 8% per annum on a daily basis.

**(d) Default by LTKDSB**

In the event that LTKDSB fails refuses or neglects to pay the Balance Purchase Price in accordance with the SPA 4, Marvellous Production shall be entitled to terminate the SPA 4 by a notice in writing and the Deposit Sum 4 (together with interest accrued thereon) shall be forfeited to Marvellous Production absolutely as agreed liquidated damages.

**(e) Default by Marvellous Production**

In the event that Marvellous fails neglects or refuses to complete the sale and purchase of the Parcel 4 or commits a breach under SPA 4 which entitles LTKDSB to terminate SPA 4, LTKDSB shall be entitled to as follows:

- (i) the remedy of specific performance against Marvellous Production which means, compelling Marvellous Production to complete the sale and purchase of Parcel 4 contemplated under the SPA 4 ; or
- (ii) to terminate SPA 4 and in which event Marvellous Production shall pay to LTKDSB a sum equivalent to the Deposit Sum 4 as agreed liquidated damages.

**(f) Conditional upon SPA 3**

- (i) The completion of SPA 4 is subject to the completion SPA 3.
- (ii) In the event of a termination of SPA 3 for any reasons due to Crystal Bond's default or completion of the SPA 3 does not take place for any reasons due to Crystal Bond's default, LTKDSB shall be entitled to either:
  - (a) terminate SPA 4 and in which event Marvellous Production shall pay to LTKDSB a sum equivalent to the Deposit Sum 4 as agreed liquidated damages and pay for all the cost and expense to re-transfer Parcel 4 to Marvellous Production if the transfer of Parcel 4 has been registered in favour of LTKDSB; or
  - (b) continue with SPA 4.
- (iii) In the event of a termination or non-completion of SPA 3 where there is no default, wilful neglect, omission or blameworthy conduct on the part of the parties hereto, then either party shall be entitled to terminate SPA 4 by written notice to the other party.

**2.1.7 Liabilities to be assumed and estimated financial commitments pursuant to the Proposed Acquisitions**

LTKM Group will not assume any liabilities (including contingent liabilities and guarantees) arising from the Proposed Acquisitions.

**2.2 DETAILS OF THE PROPOSED DIVERSIFICATION**

The Group is one of the few leading egg producers in the country with a fully integrated poultry farming operation which involves feed processing, production of eggs, processing and trading of organic fertilisers. Based on the audited financial statements of the Company for the latest three (3) financial years, the Group's revenue and profit attributable to equity holders are as follows:-

Financial year ended 31 March	2014 RM '000	2015 RM '000	2016 RM '000
Revenue	178,064	192,637	168,994
Operating profits	37,364	60,280	17,672
Profit before tax	36,170	59,438	16,882
Profit attributable to equity holders	28,263	46,134	11,645
Share capital	43,368	43,368	65,052
Total equity	173,335	221,379	222,738

The revenue and profit attributable to equity holders of the Group for the latest three (3) financial years have mainly been contributed by the Group's existing core business which is poultry farming. The Group had previously undertaken a small scale property development project in Banting which was completed in year 2013. The segment did not contribute significantly to the Group's revenue and profits as the operations were small relative to the Group's core business. However, the Board views the property development activities under the Group to become more significant with the plan to develop the Land. Whilst the existing core business is profitable, the Group intends to capitalise on diversifying its income with the acquisition of strategic land bank, details of which is set out in Section 4.4 below.

## 2.2.1 Information on the Land

The Land comprises four (4) adjoining parcels of freehold lands of almost equal size and are rectangular in shape with a total of 188 metres in width and 418 metres in length. It is generally flat in terrain and lies at almost the same level as the frontage road of Jalan Sungai Buaya. It is currently vacant with no fixed or permanent structures and is cultivated with palm oil. The category of land use is "Pertanian" and it is currently undergoing an application for conversion to residential use by JFSB.

The Land is located along Jalan Sungai Buaya, Jenjarom and is approximately 65 km due south-west of Kuala Lumpur City Centre and 25 km due south of Klang town centre. The town of Jenjarom, situated approximately 1 km to the north of the Land, is the site to the famous Buddhist temple, Fo Guang Shan Don Zen Temple that occupies 16 acres of land and draws thousands of visitors annually, especially during Chinese festivals.

A diagram showing the location of the Land and its surrounding areas is as follows:-



The Land is easily accessible from Kuala Lumpur City Centre via the KESAS Expressway exiting at the Jalan Langat Interchange on to Jalan Klang-Banting for a distance of about 18 km. Access thereafter is via Jalan Sungai Buaya leading to the Land.

The improved transportation infrastructures interconnecting the Klang Valley and the town of Jenjarom and the tourism industry have contributed significantly to the growth in economic activities in the surrounding vicinity of the Land.

A description of the Land is set out below:

Registered owner	: JFSB
Location	: Mukim Tanjung Dua Belas, Kuala Langat, Selangor Darul Ehsan
Title	: Geran Mukim 2079, Lot 435; Geran Mukim 2080, Lot 436; Geran Mukim 2081, Lot 421 and Geran Mukim 2082, Lot 422
Category of land use	: Agriculture
Express Condition	: Not stated
Restriction in interest	: Not stated
Total land area	: 8.5237 hectares
Net book value	: RM22,950,000 based on the last audited consolidated financial statements of LTKM Berhad as at 31 March 2016

\* *JFSB is a wholly-owned subsidiary of LTKDSB, which in turn is a wholly-owned subsidiary of LTKM*

## 2.2.2 Details of the Project

The information on the Project, which may be subject to further refinement and adjustment to take into consideration market conditions closer to the date of submission of the relevant plans to the relevant authorities, is set out as below:-

### (a) Type of development and no. of units for each type

The Project comprises a total of 228 units of landed properties consisting of 21 units of bungalows, 54 units of semi-detached villas, 84 units of terrace-link houses and 69 units of townhouses as part of affordable homes or *Rumah SelangorKu* with a guarded neighbourhood concept for added security and exclusivity.

The Project primarily targets local residents of Jenjarom and neighbouring residents of Banting, Telok Panglima Garang and Klang. The target market for the Project, however, can be expanded to include potential buyers from the greater Klang Valley as a result of the improved connectivity enabled by the transportation infrastructure such as the SKVE, the adjoining KESAS and the upcoming West Coast Expressway connecting Banting to Taiping.

### (b) Expected commencement and completion of the Project

The Project is expected to commence in the second quarter of year 2017 and be developed over an estimated period of two (2) years.

### (c) Estimated GDV and GDC

The estimated GDV and GDC for the Project are RM125 million and RM90 million, respectively, over the development period details of which are as set out below:-

Types:		Units	Estimated Total Built-up Area (square feet)	Estimated Selling Price (RM psf)
a)	Bungalow and Semi – Detached House	75	205,900	Ranges from RM280psf to RM320psf
b)	Linked Terrace House	84	151,680	
c)	Affordable Homes	69	60,450	RM60- RM220psf

<b>Estimated GDV based on above components (RM' million)</b>	<b>125</b>
<b>Estimated GDC:</b>	
Estimated total construction cost (RM' million)	70
Other cost (RM' million)	20
<b>Total Estimated Gross Development Cost (RM' million)</b>	<b>90</b>

*Note:*

*psf -per square foot*

**(d) Status of approvals**

An application for the conversion of the land use from agriculture to residential was submitted on 4 May 2016 and a letter of support was obtained from the *Jabatan Perancangan Bandar dan Desa*, Selangor Darul Ehsan on 13 May 2016. After approval for the conversion has been obtained, JFSB will proceed with the submission of planning approvals, building plans and implementation of the Project subject to the approvals from the Company's shareholders for the Proposed Diversification at an EGM to be held.

**(e) Source of funding for the development cost**

The Project funding shall be determined by the Company at a later stage after taking into consideration its gearing level, interest costs and internal cash requirements for its business operations.

### **2.2.3 Directors and key personnel**

Although the Group does not have extensive historical track record in the property development business, the Proposed Diversification is expected to be spearheaded by the Company's Managing Director, Datuk Tan Kok. The Group will be able to leverage on his experience in property and land matters as well as property development. Datuk Tan Kok will be assisted by Mr Ng Seng Keong, the Chief Operating Officer of LTKDSB, being the property development division of the LTKM Group.

The profiles of Datuk Tan Kok and Mr Ng Seng Keong are as follows:

**(a) Datuk Tan Kok, Managing Director**

Datuk Tan Kok is the founder of LTKM. He is responsible for the founding of the farm from a small scale operator in its first farm in Kampung Jawa, Selangor Darul Ehsan to the country's largest and highly automated single layer farm spanning over 450 acres in Malacca. He has over 40 years of executive managerial experience through his involvement in the poultry industry.

With a sound judgement and discerning business acumen, he has successfully acquired and managed a total of more than 700 acres of land for the purposes of farming and investment holding.

In terms of his experience in property development business, Datuk Tan Kok undertook and successfully completed a 20-acre residential development in Taman Sentosa, Klang with a GDV of RM42 million for 300 units of double-storey link houses, despite the unfavourable economic condition during the development period of the project between 2005 and 2008. The project was undertaken through a joint development in year 2005 in his private capacity as the landowner with profit distribution in the form of completed units. The joint venture partner was Jasa Bahagia Development Sdn Bhd (503322-T) which was incorporated in Malaysia under the Act on 20 January 2000 with an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which RM250,000 was issued and fully paid up. As at the time of the development, the directors of Jasa Bahagia Development Sdn Bhd were Tan Boon Lai and Tan Chooi Moi.

Datuk Tan Kok had also spearheaded the Group's maiden property project in year 2011 with the launch of 26 units of double-storey residence at Taman Seri Bunut, Banting ("**Banting Project**"). The Banting Project was undertaken by the Company's wholly-owned subsidiary LTKDSB where Datuk Tan Kok was the Managing Director responsible for the overall planning, execution and monitoring of the project. The project grossed approximately a total revenue of RM9 million and a total profit after tax of RM2 million.

**(b) Mr Ng Seng Keong, Chief Operating Officer of LTKDSB**

Mr Ng Seng Keong joined LTKDSB in January 2016. He obtained his Bachelor of Science Degree majoring in Business Administration from the University of San Francisco in 1986 and a Master of Business Administration Degree majoring in Finance and Investment from the Golden Gate University, California in 1988.

Mr Ng Seng Keong is currently in charge of the execution and implementation of property development of the Group. Mr Ng Seng Keong was the former General Manager of a property development company, Magna Prima Berhad ("**MPB**"), where he led the corporate finance, business development and project management over a period of almost four (4) years.

He was also the team member involved in obtaining loans and fund raising through the capital market. In addition, he has successfully led the completion and settlement of MPB's overseas project, The Istana. The Istana is a 25-storey single tower residential apartment with an estimated GDV of AUS\$217 million, in the heart of Melbourne's central business district. Mr Ng Seng Keong was the Head in Project Settlement and Handover in the said project.

His involvement and exposure in local project developments and construction estimated to be at a GDV worth RM395 million, comprises the completion of 177 double-storey link houses in Shah Alam, 236 units of mixed development comprising of zero-lot bungalows, two-and-a-half storey super link terraces and shops with walk-up apartments in Selayang and 107 triple-storey super link terraces and semi-detached villas in Bukit Jalil. The said project was undertaken by the MPB Group and Mr. Ng Seng Keong assisted the Executive Director of MPB in all client consultant meetings, liaising with contractors and consultants pursuant to the project completion and handing over of the units to the end-purchasers.

Prior to his tenure at MPB, Mr Ng Seng Keong was one of the Senior Managers at Atlan Holdings Bhd ("**Atlan**") where he was involved in special projects such as the implementation of Atlan's enterprise resource planning business solutions, acquisition and disposal of properties and assets, and exercises of delisting a subsidiary from Bursa Malaysia and the subsequent listing of the same subsidiary on the Singapore Stock Exchange.

Given the infancy of the Project, the Group currently relies heavily on Datuk Tan Kok and Mr Ng Seng Keong in terms of strategic direction and resource allocation for the Project and has engaged with consultants such as architects, engineers, surveyors, planners and contractors to support the Project. However, upon commencement of the Project, the Group intends to recruit where deemed necessary suitably qualified and experienced personnel to oversee key areas of the Project such as on-site project supervision and marketing. The Group will continue to adopt a prudent approach in employing suitable personnel in order to ensure the Group has the resources and capacity to carry out the required tasks effectively during the project timeline.

Notwithstanding the above, the exact number of personnel to be recruited and the organisational structure to be implemented have not been determined at this juncture pending, *inter-alia*, the finalisation of the proposed development plan. Additionally, the appointed consultants such as the architects, engineers, surveyors, planners and contractors, will be providing the necessary support for the Project.

The Group has not entered into any management agreement with the key management and will take steps to implement contingency and succession planning to ensure the continuity of the Group's property development business.

### **3. RATIONALE FOR THE PROPOSALS**

#### **3.1 Rationale for the Proposed Acquisitions**

The Property is situated in a very strategic location in the Balakong township. The Property not only has easy and immediate access and links to nearby vicinities but it is also a close proximity to major shopping mall, 5-star hotels, corporate offices, medical centre, and international school. Coupled with well-planned transportation infrastructure and amenities, the surrounding exhibits growth and supply of residences such as The Heritage Residence, BluWater Luxury Link Villas, and the latest Senja superb residences.

As part of the continual search for investment opportunities, the Board identified the Property as prime and an ideal acquisition and accumulation of strategic land bank that ultimately enhances its shareholders' values.

The Property benefits from more than 300 metres wide frontage. The combined four adjoining parcels of lands give an approximate aggregate of 6.4 acres of area for probable development which may include medium to high range residential and commercial buildings. This enhances the capital appreciation potential and probable future benefits to be derived from the Property.

#### **3.2 Rationale for the Proposed Diversification**

The Board believes that diversification into property development business will enhance the Group's ability to unlock the value of the Land and expand its revenue and income stream. The Project will enable the Group to expand its property development business and, when successfully completed, will provide a good track record for the Group in its property development segment. A strong credential and track record in the property development segment will be beneficial to the Group when it undertakes future property development projects on its other land bank.

The Board believes that the Proposed Diversification will be able to provide an additional source of income to the Group.

As the Group embarks on the Project, the Board anticipates that the property development business of the Group may contribute more than 25% of the net profit of the Group and/or result in a diversion of 25% or more of the Group's net assets based on the GDC of the Project. As such, pursuant to Paragraph 10.13(1) of the MMLR, LTKM will have to seek its shareholders' approval at a general meeting for the Proposed Diversification.

### **4. OVERVIEW AND PROSPECTS**

#### **4.1 Malaysia economy**

In the first quarter of 2016, the global economy expanded moderately against a backdrop of high financial market volatility. The advanced economies continued to register modest improvements, as the pace of growth remained constrained by crisis-related legacies, including high indebtedness and labour market slack. In Asia, economic activity expanded at a more moderate pace due in part to the weakness in exports. Amid these developments, several economies adopted more stimulus to support growth.

The Malaysian economy expanded by 4.2% in the first quarter of 2016 (4Q 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on quarter seasonally-adjusted basis, the economy recorded a growth of 1.0% (4Q 2015: 1.2%).

*(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2016, Bank Negara Malaysia ("BNM"))*



The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%). Domestic demand was primarily driven by the private sector. Modest improvements in external demand in the second half of the year also provided additional impetus to economic growth.

Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of Goods and Services Tax (GST), adjustments in administrative prices, and the depreciation in the ringgit. Nevertheless, households received some support from the higher cash transfers under the Bantuan Rakyat 1Malaysia (BR1M) scheme, the reduction in individual income tax rates for the 2015 assessment year and savings derived from lower domestic fuel prices during the year. Household spending was also supported by continued income growth and stable labour market conditions. Public consumption recorded a sustained growth of 4.3% in 2015 (2014: 4.4%), reflecting the continued efforts by the Government to provide support to growth, while remaining committed to the steady reduction in the fiscal deficit.

(Source: Annual Report 2015, BNM)

## **4.2 Prospect of the property market in Malaysia**

### **Property Market Activity**

Market volume recorded at 362,105 transactions worth RM149.9 billion in 2015, down by a marginal 5.7% in volume and 8.0% in value against 2014. Residential sub-sector continued to lead the overall market, with 65.2% contribution in volume and 49.0% in value. The sub-sector recorded a slight downturn by 4.6% in volume and correspondingly down in value by 10.5%. The commercial, industrial, agriculture and development land sub-sectors were also on moderating path, down by 10.6%, 13.0%, 7.5% and 2.4% respectively.

### ***Residential Property***

There were 235,967 transactions worth RM73.47 billion recorded in the review period, declined by 4.6% in volume and 10.5% in value. Performance by states was generally on a low tone. Major states namely Johor and Pulau Pinang recorded mark declines in market activity, down by 20.4% and 16.9% respectively whilst Kuala Lumpur and Selangor recorded moderate declines of 8.3% and 5.1% respectively.

In line with market softening and bleak households' sentiment, the primary market reacted accordingly as the number of new launches reduced to 70,273 units, down by 19.2% against 2014 (86,997 units). Most states particularly the major ones namely Johor and Pulau Pinang saw substantial declines in their new launches, each down by 42.8% (9,428 units) and 47.5% (2,348 units). The overall sales performance for the country hovered at 41.4% (29,089 units sold), lower than 45.4% (39,491 units sold) performance in 2014.

The residential overhang situation took a downturn as more units were recorded. There were 11,316 overhang units worth RM5.9 billion, up by 16.3% in volume and 56.0% in value. Johor which held 21.9% of the national overhang, saw its overhang increased to 2,483 units, up by 8.5% due to higher unsold in terrace and service apartment types. On similar trend, the unsold under construction recorded an increase of 28.6% to 68,760 units due to large numbers of unsold condominium and service apartment units. The fewer number of new launches partly helped contain the unsold not constructed, down by 20.5% to 10,704 units.

### ***Commercial Property***

There were 31,776 transactions worth RM26.4 billion recorded, down by 10.6% in volume and 17.1% in value. Major states recorded lacklustre performance with Johor recording the highest decrease of 21.9%, followed by WPKL at 15.0%, Selangor at 11.1% and Pulau Pinang at 10.7%. In terms of transactions value, only Pulau Pinang held strong with an increase of 19.0% despite fallen market activity whilst the other major states succumbed to double-digit declines.

## **2016 Outlook**

The economic and financial environment, both local and global, will be even more challenging in 2016. This has led to the recalibration of 2016 Annual Budget in order to ensure that our country remain firm to brave the forthcoming uncertainties.

### ***Residential Property Sub-sector***

The residential sub-sector is expected to experience further softening in 2016 in view of the various internal and external uncertainties foreseeable in the coming year.

Issues on affordable housing and affordability of home purchasers will continue to top the national agenda. The measure announced in budget recalibration, that states all new housing projects priced up to RM300,000 be limited to first-time house buyers.

### ***Commercial Property Sub-Sector***

The commercial sub-sector is expected to be equally or more challenging in comparison to residential sub-sector.

The retail sector is likely to moderate as cautious sentiment on consumers' spending lingers at the onset of increasing costs of living. The performance of hypermarkets looks more positive due to nature of goods sold in these premises i.e. necessity goods.

The performance of office market is expected to plateau. Downward pressure on rental may be felt by buildings, particularly those with tenants that are related to oil and gas industry. At the same time, the ample office space supply should send some cautionary signals to the authority before approving new developments.

The leisure sub-sector is expected to remain positive. The allocation of RM1.2 billion to the Ministry of Tourism and Culture to implement programmes and events to achieve the targeted tourist at 30.5 million in 2016 may help support the sub-sector i.e. hotel industry.

### ***Conclusion***

Property sector will be able to endure this challenging period with adjustments and corrections expected from both the demand and supply side. Although property sector may see moderation in market activity, the slowdown would still be manageable.

Several infrastructure projects i.e. public transport networks are game-changers that would help boost values in areas where the networks run. These are:

Public Transport Network	Completion / Commencement
LRT line Ampang – Putra Height	Completion March 2016
LRT line Kelana Jaya – Putra Height	Completion Mid-2016
MRT Sg Buloh - Semantan	Completion December 2016
MRT II from Sg Buloh – Serdang - Putrajaya	Commence 2016 / Completion 2022
LRT 3 linking Bandar Utama to Shah Alam and Klang	Commence 2016 / Completion 2020
High-Speed Rail	In negotiation
Pan-Borneo	Completion 2021

(Source: Press Release, Malaysian Property Market 2015, National Property Information Centre (NAPIC), Valuation & Property Services Department (JPPH), Ministry of Finance Malaysia)



### 4.3 Prospects of the Property

LTKM Group is of the view that the Property is located in a prime area in the Balakong township in Selangor because of its close proximity to main highway interchanges and transportation infrastructure (as detailed in section 2.1.2 above). The Group believes that the Property will continue to rise in value and envisages that the prospects for the Proposed Acquisitions is positive in the long term.

### 4.4 Prospects of the Proposed Diversification and the Project

Barring any unforeseen circumstances, and subject to the property market condition, the Board expects the Proposed Diversification and the Project to contribute positively to the future growth of the Company while providing the Company with an alternative source of income, in addition to the existing core business of the Group.

For information purposes, apart from the Land and the Property, the Group has recently acquired the following adjoining parcels of land as announced on 21 January 2016 and 4 July 2016 respectively:

	Location	Category of land use	Approximate Area	Tenure
1.	GM62 Lot 1402, Mukim Petaling, Kuala Lumpur.	Not stated	7,841 square metres	Freehold
2.	GM1603 Lot 1401, 9th Mile Kuchai Road of Mukim Petaling, Kuala Lumpur.	Agriculture	4,047 square metres	Freehold

## 5. RISK FACTORS

The Proposed Acquisitions and Proposed Diversification will be subjected to, amongst others, the risks below.

### 5.1 Acquisition risk

Although our Board believes that the Group may benefit from the Proposed Acquisitions there is no assurance that the benefit from the acquisitions will be realised.

### 5.2 Completion risk

The completion of the Proposed Acquisitions are subject to, inter alia, the fulfilment of various conditions precedent as set out in Sections 2.1.6.1 (b), 2.1.6.2 (b), 2.1.6.3 (b) and 2.1.6.4 (b) of this Circular. If these conditions precedent are not fulfilled, our Group will not successfully acquire the Property resulting in the inability of our Group to achieve the intended objectives and benefits.

Our Company will therefore take all reasonable steps to ensure the fulfilment of the conditions precedent to ensure the successful completion of the Proposed Acquisitions.

### 5.3 Business risk

The Proposed Diversification is subject to certain risks inherent in the property development industry in particular in the area of Jenjarom and its vicinities. These include, inter-alia, house buyers demand factors, supply and competition from other developers, fluctuations in construction/building material costs, availability of financing for house buyers, changes in general economic and business conditions in the property development industry.

The management seeks to limit these risks through, inter-alia, prudent financial policies, continuous review of operations to improve efficiency and to ensure proper due diligence are implemented during the period between planning, construction and the eventual delivery of properties. However, no assurance can be given that any change to the said risk factors will not have a material adverse effect on the property development business.

#### **5.4 Business diversification risk**

The Group has been involved in the property development business albeit in a smaller scale. Hence, the Group may be subjected to new challenges and risks arising from the property development business in which the Group does not have any track record to ensure the success of this venture. Nevertheless, the Group intends to bring on board key personnel with sufficient experience in the property development for this venture.

#### **5.5 Project completion risk**

The timely completion of the projects to be undertaken by the Group is dependent on many external factors including, inter-alia, the timely receipt of requisite licenses, permits or regulatory approvals, availability of construction/building materials, equipment and labour, availability of financing and satisfactory performance of any sub-contractors appointed.

Adverse developments in respect of these factors can lead to interruptions or delays in completing a project, which can consequently result in cost overruns that affect the Group's profitability and cash flows. Any extensions in the projects would increase construction overheads and attract negative reputation and legal uncertainties. In addition, any delay in completion may give rise to additional costs and may adversely affect the Group's reputation and financial performance.

However, the Group will strive to manage the projects within the specified time through close project monitoring as well as the hiring of the necessary key personnel whom are experienced in the matter. At the same time, the Group will strive to appoint reliable and reputable suppliers and sub-contractors to ensure timely delivery of raw materials, and closely follow project completion deadlines. Nonetheless, there is no assurance that any change to the abovementioned factors will not result in delay in the completion of projects.

#### **5.6 Political, economic and regulatory risk**

The Group's property development projects in future will be affected by any changes in the political, economic and/or regulatory conditions environment including but not limited to including but not limited to risk of war, changes in political leadership and environment, unfavorable changes in government policies, nationalisation and changes in legislation pertaining to the industry.

While the Group is committed to take measures to mitigate these risks including close monitoring of the Government's masterplan in respect of long-term economic and development policies so that it can stay ahead as well as capitalised on regulatory changes in the industry in which the Group operates, there can be no assurance that any changes to the political, economic and regulatory factors will not have a material and adverse effect on the business and prospect of the Group.

#### **5.7 Risk of dependence on third-party contractors**

The Group's property development business will be dependent on the support of third party contractors to ensure the continuous supply of services and construction materials. Although the Group will not be dependent on any single third-party contractor, any substantial limitation or sub-standard performance of the third party contractors and their inability to supply sufficient labour, whether skilled or unskilled, and sufficient quality services and building materials will inevitably disrupt the progress and/or quality of the Group's operation and may cause an adverse effect. Thus, the Group will focus on its selection of third-party contractors engaged for its projects as well as implementing control procedures such as careful planning, closely monitoring of project progress and endeavour to deliver prompt actions to ensure the overall positive progress of the projects.

## **5.8 Competition risk**

The Group's property development business faces competition from other companies operating in the same business. The competitiveness of the Group is dependent on the ability of its management to secure strategically located land bank for development as well as to price its products competitively, to provide quality and timely delivery of developments and to sell its properties. In addition, the Group may face some challenges as the Group is a new entrant in the property development industry and it lacks track record.

Nevertheless, the Group will continue to take measures inter-alia employing key personnel whom are experienced in the property development business in order to be competitive in the property development industry.

## **5.9 Dependence on key personnel**

The ability of the Group in successfully delivering the Project and future property development projects depends largely on the abilities, skills, experience and competency of the directors and key personnel as highlighted in section 2.2.3 above. The loss of the relevant key personnel without suitable and timely replacement, or the inability of the Group to attract and retain other qualified personnel, could adversely affect its operations in the property development segment, and consequently the Group's revenue and profitability.

## **5.10 Financing risk**

In addition to internally generated funds, the Group may be required to seek external financing to fund the working capital requirements and development costs of the Project. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investors' confidence in the Group or any restrictions imposed by the Government. There can be no assurance that the necessary financing will be available in amounts and/or on terms acceptable to the Group.

# **6. FINANCIAL EFFECTS OF THE PROPOSALS**

## **6.1 Share capital**

The Proposals will not have any effect on the issued and paid-up share capital of the Company.

## **6.2 Earnings and EPS**

The Proposed Acquisitions are not expected to have any immediate material impact on the consolidated earnings and EPS of the Group for the financial year ending 31 March 2017 given that the expected completion date of the Proposed Acquisitions is close to the end of the FYE 31 March 2017.

The Proposed Diversification is not expected to have any material effects on the consolidated earnings and EPS of the Group for the FYE 31 March 2017. However, barring unforeseen circumstances, the Project is expected to contribute positively to the consolidated earnings and EPS of the Group in the future.

## **6.3 Substantial shareholders' shareholdings**

The Proposals will not have any effect on the substantial shareholders' shareholdings in LTKM.

## 6.4 NA and gearing

The pro forma effects of the Proposed Acquisitions on the NA and gearing of LTKM Group, based on the latest audited consolidated statement of financial position of LTKM Group as at 31 March 2016 and the assumption that the Proposed Acquisitions was effected on 31 March 2016 is set out below:

		I	II	III
	Audited as at 31 March 2016 RM'000	After proposed acquisition of Jalan Puchong land <sup>(1)</sup> RM'000	After I and proposed disposal of Kapar Property <sup>(2)</sup> RM'000	After II and the Proposed Acquisitions RM'000
Share capital	65,052	65,052	65,052	65,052
Share premium	-	-	-	-
Asset revaluation reserve	35,925	35,925	35,925	35,925
Available-for-sale reserve	2,462	2,462	2,462	2,462
Retained profits	119,299	119,299	119,170	119,170
NA attributable to ordinary shareholders	222,738	222,738	222,609	222,609
Number of shares in issue (‘000)	130,104	130,104	130,104	130,104
Par value (RM)	0.50	0.50	0.50	0.50
NA per ordinary share (RM)	1.71	1.71	1.71	1.71
Cash and bank balances (RM'000)	42,884	38,477	61,877	33,016 <sup>(a)(b)</sup>
Total borrowings (RM'000)	35,603	52,065	52,065	87,107 <sup>(a)</sup>
Gearing <sup>(c)</sup>	0.16	0.23	0.23	0.39

Notes:-

- (1) Proposed acquisition of a parcel of freehold land held under GM62 Lot 1402, Jalan Puchong of Mukim Petaling, Kuala Lumpur measuring 7,841 square metres by LTK (Melaka) Sdn Bhd, a wholly-owned subsidiary of LTKM for a purchase consideration of RM27,436,700 as announced on 21 January 2016. The proforma effect has been prepared based on 60% of the consideration being funded by bank borrowings and an associated cost of RM1.0 million included therein. The said acquisition has been completed as at the LPD.
- (2) Proposed disposal by Lumi Jaya Sdn. Bhd., a wholly-owned subsidiary of LTKM, of a property situated at Mukim of Kapar, District of Klang and State of Selangor Darul Ehsan to Yetta Steel Industries Sdn. Bhd. for a consideration of RM26,000,000 as announced on 5 February 2016. The said disposal has been completed as at the LPD.
- (a) The Total Consideration is expected to be funded by both internally-generated funds and/or bank borrowings, the breakdown of which has yet to be determined at this juncture. For illustration purpose only, the pro forma effect above has been prepared assuming the Total Consideration is 60% funded by bank borrowings.
- (b) The estimated expenses for the Proposed Acquisitions is RM5.50 million, which include GST, professional fees, memorandum of transfer fees, application and registration fees to the authorities, as well as other incidental and miscellaneous expenses in relation to the Proposed Acquisitions.
- (c) Computed based on total borrowings divided by total NA attributable to ordinary shareholders.

The Proposed Diversification is not expected to have any material impact on the consolidated NA per share of the Group for the FYE 31 March 2017. The impact of the Proposed Diversification on the gearing of the Group in the future will depend on the manner of financing employed on the Project.

## **6.5 Convertible securities**

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

## **6.6 Dividends**

Any potential effect of the Proposed Acquisitions on the dividends to be declared for the future financial years will be dependent on the dividend rate to be determined after taking into consideration the financial performance of the LTKM Group.

## **7. APPROVALS REQUIRED**

The Proposals are subject to the approvals being obtained from the following:

- (i) shareholders at an EGM of the Company to be convened for the Proposed Acquisitions and Proposed Diversification;
- (ii) Selangor State Government for the transfer of titles of Property pursuant to the Proposed Acquisitions; and
- (iii) any other relevant authorities, if required.

## **8. INTER-CONDITIONALITY**

SPA 1 and SPA 2 are inter-conditional. SPA 3 and SPA 4 are inter-conditional. However, SPA 1 and SPA 2 are not conditional upon SPA 3 and SPA 4. The Proposed Acquisitions, collectively, are not conditional or inter-conditional upon other corporate exercises/schemes undertaken or to be undertaken by LTKM, if any.

The Proposed Diversification is not conditional upon any other corporate exercises/schemes undertaken or to be undertaken by the Company

## **9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors and/or major shareholders of the Company as well as persons connected with them have any interest, direct or indirect, in the Proposals.

## **10. PERCENTAGE RATIOS**

At the point of announcement of the Proposed Acquisitions, the highest percentage ratio for the Proposed Acquisitions pursuant to paragraph 10.02(g) of the MMLR, based on the latest audited consolidated financial statements of LTKM Group available then, that is the financial year ended 31 March 2015, is 26.39%, being the Total Consideration compared with the NA of the LTKM Group.

## **11. ADVISER**

SCA has been appointed to act as the Adviser to the Company for the Proposals.

## **12. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring unforeseen circumstances, the completion of the Proposed Acquisitions is expected to take place in the second half of the financial year ending 31 March 2017.

The Proposed Diversification will take immediate effect upon obtaining the approval from the shareholders at the EGM to be convened.

### **13. OTHER INTENDED CORPORATE EXERCISES/SCHEMES WHICH HAVE BEEN ANNOUNCED BUT NOT YET COMPLETED**

Save for the Proposals (which are the subject matter of this Circular), the Board confirms that as at the LPD, there are no other outstanding corporate exercises/schemes announced by the Company, but not yet completed other than the proposed acquisition of a parcel of freehold land held under GM1603 Lot 1401, Mukim Petaling, Kuala Lumpur measuring 4,047 square metres by LTK (Melaka) Sdn Bhd, a wholly owned subsidiary of LTKM for a purchase consideration of RM12,563,300 as announced on 4 July 2016.

### **14. DIRECTORS' RECOMMENDATION**

The Board having considered all aspects of the Proposed Acquisitions including the terms and conditions of the SPAs, the market value of the Property as appraised by the Valuer, the rationale for the Proposed Acquisitions, prospects of the Property and the effects of the Proposed Acquisitions on the LTKM Group, is of the opinion that the Proposed Acquisitions are in the best interest of the LTKM Group.

The Board, having considered all relevant aspects of the Proposed Diversification, including but not limited to the rationale and benefits of the Proposed Diversification, is of the opinion that the Proposed Diversification is in the best interest of the Company.

Accordingly, the Board recommends that shareholders vote in favour of the Proposals to be tabled at the forthcoming EGM.

### **15. EGM**

The Proposals will be subject to the approval of the shareholders at the forthcoming EGM. The EGM, the notice of which is enclosed with this Circular, is to be held at Merrida Hotel, No. 18A, Lebuhraya Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan, on 5 September 2016, at 11:00 a.m. or immediately following the conclusion of the Company's Nineteenth Annual General Meeting which will be held at the same venue on the same day at 10.00 a.m. or any adjournment thereof.

If you are unable to attend and vote in person at the forthcoming EGM, you should complete the enclosed proxy form in accordance with the instructions thereon and to lodge the duly completed form 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 not less than 48 hours before the appointed time of the forthcoming EGM or any adjournment thereof. However, the lodging of the proxy form will not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

### **16. FURTHER INFORMATION**

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

Yours faithfully,  
For and on behalf of the Board of  
**LTKM Berhad**

**DATUK TAN KOK**  
Managing Director



## VALUATION CERTIFICATE FOR THE PROPERTY

**HENRY BUTCHER MALAYSIA**

International Asset Consultants

Our Ref : HB/SEL/8816/06/0697/Wdy-003

June 10, 2016

**M/S LTKM BERHAD**

No. 102, Batu 1½, Jalan Meru  
41050 Klang  
Selangor Darul Ehsan

Dear Sirs

**CERTIFICATE OF VALUATION OF FOUR (4) ADJOINING PARCELS OF  
POTENTIAL COMMERCIAL DEVELOPMENT LAND MEASURING AN  
AGGREGATE LAND AREA OF 25,837 SQUARE METRES LOCATED ALONG  
LEBUHRAYA SILK, BALAKONG, SERI KEMBANGAN, SELANGOR DARUL  
EHSAN ("SUBJECT PROPERTY")**

We were instructed by M/s LTKM Berhad ("LTKM") to conduct a valuation of the Subject Property. The full details of the valuation are included in our Valuation Report bearing reference no. HB/SEL/8816/06/0697/Wdy-003 dated June 10, 2016.

This certificate has been prepared for the purpose of submission to Bursa Malaysia Securities Berhad in conjunction with the proposed acquisition of the Subject Property by LTK Properties Sdn Bhd ("LTKPSB") and LTK Development Sdn Bhd ("LTKDSB"), both are wholly-owned subsidiaries of LTKM ("Proposed Acquisition").

The Subject Property was inspected and referenced on June 7, 2016. The relevant date of valuation for this valuation exercise coincides with the date of inspection, i.e. June 7, 2016.

The valuation had been carried out in accordance with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

The basis of valuation is the Market Value which is defined by the Malaysian Valuation Standards to be "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

**HENRY BUTCHER MALAYSIA (SEL) Sdn Bhd (495503-K)**

No. 36-1, 2 &amp; 3, Jalan SS 15/4D, 47500 Subang Jaya, Selangor, Malaysia.

t • +603-5631 5555 f • +603-5632 7155 e • selangor@henrybutcher.com.my w • www.henrybutcher.com.my

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**VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)**


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**Terms of Reference**

We have been specifically instructed by LTKM to value the Subject Property as four (4) adjoining parcels of potential commercial development land due to the following rationale:-

1. The purpose of LTKM to purchase the land is based on re-development basis which is the highest and best use of the Subject Property. Therefore, the value attributed on the buildings/structures is not taken into consideration in arriving at the market value of the Subject Property; and
2. The zoning of the Subject Property is commercial.

We have valued PT 17040, PT 17041, PT 17042 & Lot 1196 as a single parcel of land as LTKM plans to re-develop the Subject Property into an integrated commercial development in the future which is in line with the current development trend that medium to large scale integrated development with a minimum land size of 4 acres is preferred as its development will have economy of scale and an optimum development size for commercial reasons.

The brief description of the Subject Property and our opinion of the current Market Value are as follows: -

**Property Description**

Property Type/ Interests Valued	Four (4) adjoining parcels of potential commercial development land.
Address of the Subject Property	Lot Nos. PT 17040, PT 17041, PT 17042 & Lot 1196, Batu 11, Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.
Location	The Subject Property is located along Lebuhraya SILK (formerly known as Jalan Balakong), Balakong, Seri Kembangan which is approximately twenty (20) kilometres due south of Kuala Lumpur City Centre. Balakong town centre is located about 1.5 kilometres to the east while Seri Kembangan town centre is situated approximately five (5) kilometres to the west. It is easily accessible from Kuala Lumpur City Centre via the Sungai Besi Expressway and finally turning onto Lebuhraya SILK heading towards a designated under pass to make a U-turn towards the opposite direction of Lebuhraya SILK. The Subject Property is located at the south bound of Lebuhraya SILK.



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**VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)**


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Site

The Subject Property when amalgamated form an irregular shape of land with a total land area of about 6.3845 acres (278,106 square feet). However, a drainage reserved traversed at the centre portion of the Subject Property running from north-east to south-west. As a result, the Subject Property is being split into two (2) portions which are under PT 17040 & PT 17041 and PT 17042 & Lot 1196.

It has a total frontage of about 838 feet fronts onto Lebuhraya SILK and a maximum depth of approximately 392 feet. The physical terrain of the land is generally flat and lies about the frontage road (Lebuhraya SILK).

We noted during our inspection that a factory complex with its ancillary buildings were erected thereon the Subject Property. The main entrance to the Subject Property is secured with an automatic metal sliding gate. The compound is demarcated with metal deck sheets and chain link fencing except for southern boundaries which were not secured with any forms of fencing.

Age of Building

About 15 to 22 years.

Building Description

The building erected thereon comprises of main buildings [a five (5) storey office building, a double storey office building and three (3) single storey factories] and ancillary buildings.

These double and five (5) storey office buildings are constructed of reinforced concrete framework with plastered brickwalls support a pitched roof covered with metal deck on timber trusses and rafters. The total gross floor area of the office buildings is estimated at 31,333 square feet.

These single storey factories are constructed of steel structure supporting a pitched roof covered with metal deck roofing sheets insulated with aluminium foil and incorporated with transparent acrylic sheets on steel trusses. The total gross floor area of the factories is estimated at 54,354 square feet.

Property	Tenancy Status	Activity
PT 17040 & PT 17041	Owner Occupied	Manufacturing of tanks and related products, and provision of specialised engineering and fabrication works
PT 17042 & Lot 1196	Tenanted by Chip Ngai Engineering Works Sdn Bhd	

Based on the Sale and Purchase Agreements dated June 13, 2016, PT 17040 and PT 17041 will be leased back to the Vendor at the total monthly rental of RM30,000.00 for a period of 6 months to 36 months.

The above rental is not significant as its does not reflect the actual return for PT 17040 and PT 17041. Thus, for the purpose of this valuation, we have not taken into consideration of the rental income in arriving at the market value of the Subject Property.

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**VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)**


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**Title Particulars**

<b>Title No.</b>	<b>Lot No.</b>	<b>Bandar/ Pekan/ Mukim</b>	<b>Titled Land Area</b>	<b>Surveyed Land Area</b>	<b>Registered Owner</b>
HSM 20480	PT 17040	Mukim Petaling	10,117.83 square metres	9,669 square metres	Chip Ngai Engineering Works Sdn Bhd
HSM 20479	PT 17041	Mukim Petaling	6,644.87 square metres	6,559 square metres	Douwin Sdn Bhd
HSM 20481	PT 17042	Mukim Petaling	4,761.57 square metres	4,760 square metres	Crystal Bond Sdn Bhd
PM 8925	Lot 1196	Pekan Baru Sungai Besi	4,849.00 square metres	4,849 square metres	Marvellous Production Sdn Bhd

Other common details are as below:-

Tempat	Jalan Balakong Serdang
District	Petaling
State	Selangor
Tenure	Leasehold 99 years expiring October 11, 2091. The remaining unexpired term is about 75 years.

Category of land use "Perusahaan/Perindustrian"

For the purpose of this valuation, we have adopted the above total surveyed land area of 25,837 square metres in arriving at the market value of the Subject Property.

**Planning Approvals**

Planning Approval Our verbal enquiries at the Jabatan Perancang Bandar dan Desa, Shah Alam revealed that the Subject Property is zoned for commercial purposes with a permissible plot ratio of 1:4.

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**VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)**


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**Valuation Methodology**

We have adopted the Comparison Method only in formulating our opinion of the current Market Value of the Subject Property. The Comparison Method is the market approach of comparing the Subject Property with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing the properties, due consideration is given to factors such as location, size, improvements and amenities, time element and other relevant factors to arrive at our opinion of value.

We do not adopt Residual Method in arriving at the market value of the Subject Property as the Subject Property does not have any planning approval.

In arriving at our opinion of value, we have taken into consideration amongst others, the following transactions which we extracted from Department of Property Valuation and Services (JPPH): -

	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
Property	Four Adjoining Parcels of Vacant Industrial Land held under Title Nos. GM 584, GM 969, GM 1005 & GM 1006, Lot Nos. 1826, 1831, 2281 & 2282 respectively, All in Mukim of Cheras, District of Ulu Langat, State of Selangor	GM 1171, Lot 474, Mukim of Cheras, District of Ulu Langat, State of Selangor	HSD 185485, PT 334, Pekan Baru Sungai Besi, District of Petaling, State of Selangor
Land Area	6.5425 acres (284,991 square feet)	1.8310 acres (79,760 square feet)	3.6675 acres (159,758 square feet)
Type	Vacant industrial land	Vacant industrial land	Vacant commercial land
Category of Land Use	"Perusahaan/Perindustrian"	"Perusahaan/Perindustrian"	"Bangunan"
Zoning	Industrial	Commercial	Commercial
Tenure	Term in Perpetuity	Term in Perpetuity	Leasehold 99 years expiring on May 28, 2102. The remaining unexpired term is about 86 years
Date of Transaction	April 6, 2016	May 14, 2014	June 17, 2013
Consideration	RM54,148,744.00	RM14,000,000.00	RM55,916,350.00
Land Value (psf)	RM190.00psf	RM175.53psf	RM350.01psf
Adjusted Land Value (psf)	RM209.00psf	RM201.85psf	RM227.50psf
Remarks on Adj. Value	Adjustment was made on location, visibility, main road frontage, zoning, land size, limited high rise development, tenure and land use.		



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**VALUATION CERTIFICATE FOR THE PROPERTY (Cont'd)**


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We have adopted RM210.00 per square foot (derived from the adjusted value of Comparable 1) to derive at the market value of Subject Property based on the following facts:-

- RM 210.00 is closed to the average adjusted land value which is RM212.79.
- We are of the opinion that Comparable 1 is the best comparable as it is transacted recently with a similar land area and same land use as Subject Property. It is also located within 0.7 kilometre radius from the Subject Property.

**Conclusion**

Taking into consideration all relevant factors, we are of the opinion that the current Market Value of the unencumbered interest in the Subject Property with the benefits of vacant possession are: -

<b><u>Property</u></b>	<b><u>MV</u></b>	
<b>PT 17040</b>	<b>: RM21,860,000.00</b>	<b>(Ringgit Malaysia: Twenty One Million Eight Hundred and Sixty Thousand Only)</b>
<b>PT 17041</b>	<b>: RM14,830,000.00</b>	<b>(Ringgit Malaysia: Fourteen Million Eight Hundred and Thirty Thousand Only)</b>
<b>PT 17042</b>	<b>: RM10,760,000.00</b>	<b>(Ringgit Malaysia: Ten Million Seven Hundred and Sixty Thousand Only)</b>
<b>Lot 1196</b>	<b>: RM10,960,000.00</b>	<b>(Ringgit Malaysia: Ten Million Nine Hundred and Sixty Thousand Only)</b>
<b>Total</b>	<b>RM58,410,000.00</b>	<b>(Ringgit Malaysia: Fifty Eight Million Four Hundred and Ten Thousand Only)</b>

Yours faithfully,  
**HENRY BUTCHER MALAYSIA (SEL) SDN. BHD.**

**Sr TEW KOK HUAT**  
 B.Surv., MRIS(M) APRES  
 Registered Valuer (V-481)

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**FURTHER INFORMATION**


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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Board who collectively and individually accept full responsibility for the accuracy of the information given and confirmed 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 herein misleading.

**2. CONSENT**

SCA and the Valuer have given and have not subsequently withdrawn their respective written consent to the inclusion in this Circular of their name and references in the form and context which they appear.

SCA has given its confirmation that there is no conflict of interest which exist or likely to exist in relation to its role as Adviser for the Proposed Acquisitions and Proposed Diversification.

The Valuer has given its confirmation that there is no conflict of interest which exist or likely to exist in relation to its role as valuer for the Proposed Acquisitions.

**3. MATERIAL CONTRACTS**

Save for the SPAs and as disclosed below, the Board has confirmed that neither LTKM nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business of the Company or its subsidiaries) during the two (2) years immediately preceding the date hereof.

- (i) On 22 December 2015, Lumi Jaya Sdn Bhd ("**LJSB**"), a wholly-owned subsidiary of LTKM, has entered into a sale and purchase agreement with JM Asia Jaya Sdn Bhd ("**JMSB**") for the proposed disposal of a property situated in Mukim Kapar, District of Klang and State of Selangor Darul Ehsan ("**Kapar Property**") for a cash consideration of RM26.0 million. However, LJSB and JMSB have mutually agreed to revoke the agreement dated 22 December 2015 pursuant to a Deed of Revocation dated 5 February 2016;
- (ii) On 21 January 2016, LTK (Melaka) Sdn Bhd ("**LTK Melaka**"), a wholly owned subsidiary of LTKM, has entered into a sale and purchase agreement with vendors CF Import Auto Sdn Bhd, Syarikat Kwong Nam Hing Sdn Bhd, Choong Siew Kwan and Yang Yong Chong to acquire a parcel of freehold land held under GM 62 Lot 1402, Mukim Petaling, Kuala Lumpur measuring approximately 7,841 square metres, for a total purchase consideration of RM27,436,700 to be fully settled in cash. The said acquisition has been completed as at the LPD;
- (iii) On 5 February 2016, LJSB has entered into a sale and purchase agreement with Yetta Steel Industries Sdn Bhd for the disposal of the Kapar Property for a cash consideration of RM26.0 million. The said disposal has been completed as at the LPD; and
- (iv) On 4 July 2016, LTK Melaka has entered into a sale and purchase agreement with vendors Khalid Bin Abu Bakar, Johari Bin Abu Bakar, Mohd Razi Bin Abu Bakar, Fariz Bin Abu Bakar, Nor Hayati @ Noraini Binti Abu Bakar, Ainon Binti Abu Bakar, Rosefah Binti Abu Bakar, Rosma Binti Abu Bakar and Ramlah Binti A Bakar for the acquisition of a parcel of freehold land held under GM1603, Lot 1401, Mukim Petaling, Kuala Lumpur measuring 4,047 square metres, for a total purchase consideration of RM12,563,300 to be fully settled in cash.

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**FURTHER INFORMATION (Cont'd)**


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**4. MATERIAL LITIGATION**

The Board has confirmed, as at the LPD, that neither LTKM nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant as at the date hereof, and the Directors of LTKM are not aware and do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

Chip Ngai, Douwin, Crystal Bond and Marvellous Production have also confirmed, as at 28 July 2016, the Property is not subject to any material litigation, claims or arbitration and they are not aware and do not have any knowledge of any proceedings pending or threatened in relation to the Property or of any facts likely to give rise to such proceedings.

**5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES**

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments and contingent liabilities, incurred or known to be incurred, which may have been a material impact on the results or financial position of the LTKM Group.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection during normal business hours (except public holidays) from the date of this Circular up to and including the date of the following EGM, 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:

- (i) Memorandum and Articles of Association of LTKM;
- (ii) the audited consolidated financial statements of LTKM for the past two (2) financial years ended 31 March 2015 and 31 March 2016;
- (iii) The letters of consent referred to in paragraph 2 above;
- (iv) The material contracts referred to in paragraph 3 above;
- (v) the SPAs; and
- (vi) the valuation certificates and valuation reports of the Property

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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 on Monday, 5 September 2016 at 11:00 a.m. or immediately following the conclusion of the Company’s Nineteenth Annual General Meeting which will be held at the same venue on the same day at 10.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, to pass the following resolutions:

#### **ORDINARY RESOLUTION 1**

**PROPOSED ACQUISITIONS BY LTK PROPERTIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF LTKM, OF TWO (2) PARCELS OF LEASEHOLD LANDS MEASURING IN AGGREGATE APPROXIMATELY 16,228 SQUARE METRES TOGETHER WITH BUILDINGS AND AMENITIES ERECTED THEREON FOR A TOTAL CASH CONSIDERATION OF RM36,682,500 (“PROPOSED ACQUISITIONS 1”)**

“**THAT** subject to the conditions precedent and approvals of relevant authorities being obtained, approval be and is hereby given for LTK Properties Sdn Bhd (“LTKPSB”), a wholly-owned subsidiary of the LTKM, to acquire the following:

- (a) A leasehold land measuring approximately 9,669 square metres known as H.S (M) 20480, PT No. 17040, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor together with a 5-storey office building and two (2) factory buildings from Chip Ngai Engineering Works Sdn Bhd for a cash consideration of RM21,856,200; and
- (b) A vacant leasehold land measuring approximately 6,559 square metres known as H.S. (M) 20479, PT No. 17041, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor from Douwin Sdn Bhd for a cash consideration of RM14,826,300;

upon the terms and conditions as contained in the respective conditional sale and purchase agreements both dated 13 June 2016 for each of the abovementioned property.

**AND THAT** the Directors of the Company be and are hereby authorised to give full effect to the Proposed Acquisitions 1 with full powers to assent to or effect any conditions, modifications, variations and/or amendments in any manner as may be imposed or required by any relevant authorities or otherwise, and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Acquisitions 1.”

#### **ORDINARY RESOLUTION 2**

**PROPOSED ACQUISITIONS BY LTK DEVELOPMENT SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF LTKM, OF TWO (2) PARCELS OF LEASEHOLD LANDS MEASURING IN AGGREGATE APPROXIMATELY 9,609 SQUARE METRES TOGETHER WITH BUILDINGS AND AMENITIES ERECTED THEREON FOR A TOTAL CASH CONSIDERATION OF RM21,720,600 (“PROPOSED ACQUISITIONS 2”)**

“**THAT** subject to the conditions precedent and approvals of relevant authorities being obtained, approval be and is hereby given for LTK Development Sdn Bhd (“LTKDSB”), a wholly-owned subsidiary of the LTKM, to acquire the following:

- (a) A vacant leasehold land measuring approximately 4,760 square metres known as H.S. (M) 20481, PT No 17042, Tempat Jalan Balakong Serdang, Mukim and District of Petaling, State of Selangor from Crystal Bond Sdn Bhd for a cash consideration of RM10,759,700; and
- (b) A leasehold land measuring approximately 4,849 square metres known as PM 8925, Lot 1196, Tempat Jalan Balakong Serdang, Pekan Baru Sungai Besi, District of Petaling, State of Selangor together with a single storey factory and a guardhouse from Marvellous Production Sdn Bhd for a cash consideration of RM10,960,900

upon the terms and conditions as contained in the respective conditional sale and purchase agreements both dated 13 June 2016 for each of the abovementioned property.

**AND THAT** the Directors of the Company be and are hereby authorised to give full effect to the Proposed Acquisitions 2 with full powers to assent to or effect any conditions, modifications, variations and/or amendments in any manner as may be imposed or required by any relevant authorities or otherwise, and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Acquisitions 2.”

### **ORDINARY RESOLUTION 3**

#### **PROPOSED DIVERSIFICATION OF THE PRINCIPAL ACTIVITIES OF LTKM BERHAD AND ITS SUBSIDIARIES TO INCLUDE PROPERTY DEVELOPMENT (“PROPOSED DIVERSIFICATION”)**

“**THAT** subject to all approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Directors of the Company to diversify the principal activities of LTKM and its subsidiaries to include property development.

**AND THAT** the Directors of the Company be and are hereby authorised to take all steps as they may deem fit and expedient in order to implement, finalise, complete and do all acts, deeds and things as they may deem fit or expedient and in the best interest of the Company (including to execute, sign and deliver on behalf of the Company all such documents as may be necessary) so as to give full effect to the Proposed Diversification.”

#### **BY ORDER OF THE BOARD LTKM Berhad**

.....  
**NG YIM KONG**  
Company Secretary

Selangor Darul Ehsan  
Dated: 19 August 2016

#### *Notes:*

- a) *A member of the Company entitled to attend and vote at the meeting of the Company, 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 on his/her behalf. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
- 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) shares.*
- c) *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.*
- d) *A Form of Proxy 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.*
- e) *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.*
- f) *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 not less than forty-eight (48) hours before the time appointed for holding the meeting 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.*



- g) *For the purpose of determining a member who shall be entitled to attend this meeting, the Company will request Bursa Malaysia Depository Sdn Bhd in accordance with Article 33 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 30 August 2016. Only depositors whose name appears on the Records of Depositors as at 30 August 2016 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his/her stead.*

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

## FORM OF PROXY

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 \_\_\_\_\_  
(Full Address)

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

of \_\_\_\_\_  
(Full Address)

or failing him/her, the CHAIRMAN OF 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, Lebuhr Enggang, Off Persiaran Sultan Ibrahim, 41050 Klang, Selangor Darul Ehsan, on Monday, 5 September 2016 at 11:00 a.m. or immediately following the conclusion of the Company's Nineteenth Annual General Meeting which will be held at the same venue on the same day at 10.00 a.m. or any adjournment thereof.

\* Strike out whichever is not applicable.

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.

No.	Ordinary Resolutions	For	Against
1.	Proposed Acquisitions 1		
2.	Proposed Acquisitions 2		
3.	Proposed Diversification		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Number of shares held

\_\_\_\_\_  
Signature of Member / Commons Seal

### Notes:

- A member of the Company entitled to attend and vote at the meeting of the Company, 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 on his/her behalf. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 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) shares.
- 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.
- A Form of Proxy 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.
- 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.
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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

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