

## **LTKM BERHAD (“LTKM” or the “Company”)**

Proposed disposal of property by wholly-owned subsidiary of the Company

### **1. INTRODUCTION**

The Board of Directors of LTKM (“Board”) wishes to announce that the Company’s wholly-owned subsidiary, Lumi Jaya Sdn. Bhd. (Company No. 855685-H) (“LJSB”), had on 22<sup>nd</sup> December 2015 entered into a Sale and Purchase Agreement (“SPA”) with JM Asijaya Sdn. Bhd. (Company No. 1165653-P) (“JMSB”) for the disposal of the property for a cash consideration of RM26 million (“Disposal Consideration”) (“Proposed Disposal”).

### **2. DETAILS OF THE PROPOSED DISPOSAL**

#### **2.1 Information of the Property**

All that piece of freehold industrial land held under Individual Title No. H.S. (M) 43458, Lot 71510, Mukim of Kapar, District of Klang and State of Selangor Darul Ehsan measuring approximately 21284 square metres together with a factory erected thereon and known as Lot 5998, Batu 8, Jalan Kapar, 42200, Selangor Darul Ehsan.

The original cost of the investment and audited net book value as at 31 March 2015 of the property were RM22,836,000 and RM26,000,000 respectively.

#### **2.2 Information of JMSB**

JMSB is a company incorporated in Malaysia under the Companies Act 1965, with an authorised share capital of RM400,000, comprising of 400,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid up, and having its business address at Lot 113, Jalan PKNK 2/1, Kawasan Perindustrian Taman Ria, 08000 Sungai Petani, Kedah Darul Aman.

#### **2.3 Information of LJSB**

LJSB is a company incorporated in Malaysia under the Companies Act 1965 and having its business office at No. 102, Batu 1 ½, Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The authorised share capital of LJSB is RM20,000,000 comprising of 18,000,000 ordinary shares of RM1.00 each and 200,000,000 Redeemable Non-Cumulative Convertible Preference Shares (RNCCPS) of RM0.01 each, of which 5,000,000 ordinary shares of RM1.00 each and 200,000 RNCCPS of RM0.01 each have been issued and fully paid up.

The Principal activity of LJSB was manufacturing and sale of processed glass. Currently it is dormant.

## **2.4 Basis and justification for the Disposal Consideration**

The Disposal Consideration was arrived at on a “willing buyer-willing seller” basis after taking into accounts the original cost of investments and the market value of the Property at RM26 million as appraised by Henry Butcher (Sel) Sdn Bhd for the financial year ended 31 March 2015.

## **2.5 Utilisation of the Sale Proceeds**

The sale proceeds to be generated from the Proposed Disposal is expected to be utilised for future acquisition of landbank and / or for working capital purposes of the Group.

## **2.6 Salient Terms and Conditions of the SPA**

LJSB has agreed to sell and JMSB has agreed to purchase the Property free from all encumbrances on an ‘as is where is’ basis with vacant possession, subject to the terms and conditions set out in the SPA.

The Disposal Consideration shall be satisfied in full in the following manner :

- (i) RM520,000 (2% of purchase price) as the earnest deposit;
- (ii) RM2,080,000 as the balance deposit sum upon execution of the SPAs;
- (ii) balance purchase prices of 90% or RM23,400,000.00 are to be satisfied within four (4) months from date of the SPA, failing which LJSB shall automatically grant JMSB an extension of two (2) months at interest of eight per centum (8%) per annum to be calculated on a day to day basis on the unpaid portion of the balance purchase price within the extended completion period.

## **2.7 Liabilities to be assumed by JMSB**

There is no liability to be assumed by JMSB arising from the Proposed Disposal except for expenses related to the Proposed Disposal.

## **3.0 RATIONALE FOR THE DISPOSAL**

The Proposed Disposal will allow LTKM to unlock the potential value of the Property and generate cash and increase opportunity for LTKM to acquire strategic landbank in the future.

## **4.0 FINANCIAL EFFECTS OF THE DISPOSAL**

### **4.1 Share Capital and Substantial Shareholders’ Shareholdings**

There will be no effect on the existing issued and paid-up capital of LTKM and the substantial shareholders’ shareholdings in LTKM as the Proposed Disposal of the Property does not involve any issuance of new shares by LTKM.

#### 4.2 Earnings and Earnings per Share (“EPS”)

Based on the latest audited net book value of the Property as at 31 March 2015 of RM26 million, the Proposed Disposal is expected to give rise to an estimated loss of RM767,200 after taking into account estimated expenses and tax expense.

#### 4.3 Net Assets (“NA”) and Gearing

The proforma effects of the Proposed Disposal on the NA per share and gearing of the Group, based on latest audited consolidated statement of financial position of LTKM as at 31 March 2015 are set out below:

	Audited as at 31 March 2015 RM	After Proposed Disposal RM
Share capital	43,368,002	43,368,002
Share premium	2,467,103	2,467,103
Asset revaluation reserve	36,162,875	36,162,875
Available-for-sales reserve	5,802,542	5,802,542
Retained earnings	133,578,146	132,810,946
Equity attributable to owners of the parent	<u>221,378,668</u>	<u>220,611,468</u>
Number of shares in issue (after issuance of bonus issue and share split)	130,104,006	130,104,006
Net assets per share attributable to equity holders ("RM")	1.70	1.70
Loans and borrowings	15,445,099	15,445,099
Trade and other payables	8,290,093	8,290,093
Less : Cash and bank balances	<u>(37,644,882)</u>	<u>(62,877,682)</u>
Net debt/(cash)	<u>(13,909,690)</u>	<u>(39,142,490)</u>
Equity attributable to the owners of the parent	221,378,668	220,611,468
Less:		
Asset revaluation reserve	(36,162,875)	(36,162,875)
Available for sale reserve	<u>(5,802,542)</u>	<u>(5,802,542)</u>
Total capital	<u>179,413,251</u>	<u>178,646,051</u>
Capital and net debt	<u>165,503,561</u>	<u>139,503,561</u>
Gearing ratio	-	-

## **5.0 APPROVAL REQUIRED**

The Proposed Disposal is not subjected to the approval of the shareholders or any authority.

## **6.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors, major shareholders and persons connected with the Directors and/or major shareholders of LTKM, have any interest, direct or indirect, in the Proposed Disposal.

## **7.0 STATEMENT BY THE BOARD OF DIRECTORS**

The Board of Directors of LTKM, after taking into consideration all the relevant facts of the SPA is of the opinion that the SPA is in the best interest of the Company.

## **8.0 ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED DISPOSAL**

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed within the quarter ending 30 June 2016.

## **9.0 HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 13.3%.

## **10.0 DOCUMENTS FOR INSPECTION**

The SPA will be made available for inspection at the registered office of LTKM at Unit 7-02, Level 7, Menara Persoft, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 22<sup>nd</sup> December 2015.