

## Document Submission (v10)

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| Type Of User                | <input type="radio"/> Investment Bank/Adviser     | <input checked="" type="radio"/> Listed Issuer | <input type="radio"/> Secretarial Firm |
| Company Name                | LCTH CORPORATION BERHAD                           |  |  |
| Stock Name                  | LCTH  |  |  |
| Stock Code                  | 5092  |  |  |
| Board                       | Main Market                                       |  |  |
| Submitting Secretarial Firm | EPSILON ADVISORY SERVICES SDN BHD                 |  |  |

| CONTACT DETAIL                    |             |             |                      |
|-----------------------------------|-------------|-------------|----------------------|
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| MAIN                        |   |       |           |      |   |                               |       |
|-----------------------------|---|-------|-----------|------|---|-------------------------------|-------|
| Document Type               | Public Use<br>Circular/Notice to Shareholders   |       |           |      |   |                               |       |
| Notice of Maturity          | <input type="radio"/> Yes <input checked="" type="radio"/> No   |       |           |      |   |                               |       |
| Subject/Description         | Circular to shareholders in relation to the proposed selective capital reduction and repayment exercise of LCTH Corporation Berhad ("LCTH") pursuant to Section 116 of the Companies Act 2016 ("Proposed SCR")<br><br>Independent advice letter from Mercury Securities Sdn Bhd to the entitled shareholders of LCTH in relation to the Proposed SCR<br><br>Notice of Extraordinary General Meeting |       |           |      |   |                               |       |
| Remarks                     |   |       |           |      |   |                               |       |
| Attachment(PDF format only) | <table border="1"> <thead> <tr> <th>No</th> <th>File Name</th> <th>Size</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>LCTH - Circular (14.2.17).pdf</td> <td>2.6MB</td> </tr> </tbody> </table>   | No    | File Name | Size | 1 | LCTH - Circular (14.2.17).pdf | 2.6MB |
| No                          | File Name   | Size  |           |      |   |                               |       |
| 1                           | LCTH - Circular (14.2.17).pdf   | 2.6MB |           |      |   |                               |       |

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**You should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately if you have any doubt about the Proposed SCR (as defined herein).**

**If you have sold or transferred all your shares in LCTH Corporation Berhad (“LCTH” or the “Company”), you should at once hand this document (“Document”) together with the enclosed Form of Proxy to the person or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.**

The Securities Commission Malaysia (“SC”) takes no responsibility for the contents of this Document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Document.

The SC has notified that it has no further comments on this Document pursuant to Paragraph 2(a) of Schedule 3 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions. However, such notification shall not be taken to suggest that the SC recommends the Proposed SCR (as defined herein) or that the SC agrees with the recommendation of the board of directors of LCTH or that the SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.



**LCTH Corporation Berhad**

(Company No.: 633871-A)  
(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF LCTH PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“PROPOSED SCR”)**

**PART B**

**INDEPENDENT ADVICE LETTER FROM MERCURY SECURITIES SDN. BHD. TO THE ENTITLED SHAREHOLDERS OF LCTH IN RELATION TO THE PROPOSED SCR**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*

*Independent Adviser*



**RHB Investment Bank Berhad**

(Company No. 19663-P)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)



**Mercury Securities Sdn. Bhd.**

(Company No. 113193-W)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of Extraordinary General Meeting (“EGM”) and the Form of Proxy for the EGM are enclosed in this Document. The EGM will be held as follows:

|  |   |   |
|--|---|---|
| Date and time of the EGM                         | : | Thursday, 8 March 2018 at 2.00 p.m.   |
| Venue of the EGM                                 | : | Kayangan Suite, Pulau Springs Resort, 20KM Jalan Pontian Lama, 81110 Pulau, Johor, Malaysia |
| Last date and time for lodging the Form of Proxy | : | Tuesday, 6 March 2018 at 2.00 p.m.  |

If you are entitled to attend and vote at the EGM, you may appoint a proxy or proxies to attend and vote on your behalf subject to the Memorandum and Articles of Association of LCTH. If you decide to do so, you must deposit the Form of Proxy at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan, not less than 48 hours before the time appointed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently decide to do so.

This Document is dated 14 February 2018

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## DEFINITIONS

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The following definitions shall apply throughout this Document and accompanying appendices unless the context requires otherwise:

|   |   |   |
|---|---|---|
| Act   | : | Companies Act 2016  |
| Board   | : | Board of directors of LCTH  |
| Bursa Depository  | : | Bursa Malaysia Depository Sdn. Bhd.   |
| Bursa Securities  | : | Bursa Malaysia Securities Berhad  |
| Circular  | : | This circular to shareholders of LCTH dated 14 February 2018 in relation to the Proposed SCR, as set out in <b>Part A</b> of this Document  |
| CMSA  | : | Capital Markets and Services Act 2007   |
| Completion  | : | The successful completion of the Proposed SCR   |
| Document  | : | This document of LCTH comprising the Circular, IAL and appendices, collectively, in relation to the Proposed SCR  |
| Effective Date  | : | The date on which the office copy of the order granted by the High Court confirming the reduction of share capital in accordance with Section 116 of the Act has been lodged with the Registrar of Companies pursuant to Section 116(6) of the Act                              |
| EGM   | : | Extraordinary general meeting   |
| Entitled Shareholders                                   | : | The shareholders of LCTH (save for the Non-Entitled Shareholder) whose names appear on the Record of Depositors of LCTH as at the Entitlement Date  |
| Entitlement Date  | : | The date on which the names of the Entitled Shareholders must be registered in the Record of Depositors of LCTH as at the close of business for the purpose of determining their entitlement under the Proposed SCR, which shall be determined and announced later by the Board |
| EPS   | : | Earnings per LCTH Share   |
| FPE   | : | Financial period ended  |
| Fu Yu or Ultimate Offeror                               | : | Fu Yu Corporation Limited   |
| Fu Yu Investment or Offeror or Non-Entitled Shareholder | : | Fu Yu Investment Pte Ltd  |
| FYE   | : | Financial years ended/ending, as the case may be  |
| High Court  | : | High Court of Malaya  |
| IAL   | : | The independent advice letter dated 14 February 2018 prepared by the Independent Adviser in relation to the Proposed SCR, as set out in <b>Part B</b> of this Document  |

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## DEFINITIONS (CONT'D)

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|   |   |   |
|---|---|---|
| Interested Directors                      | : | Hew Lien Lee, Tam Wai, Ho Nee Kit and Ching Heng Yang, collectively   |
| Interested Shareholders                   | : | Interested Directors, Tan Yew Beng, Fu Yu and Fu Yu Investment, collectively  |
| LCTH or Company or Offeree                | : | LCTH Corporation Berhad   |
| LCTH Group or Group                       | : | LCTH and its subsidiaries, collectively   |
| LCTH Shares or Shares                     | : | Ordinary shares of LCTH   |
| Listing Requirements                      | : | Main Market Listing Requirements of Bursa Securities  |
| LPD                                       | : | 8 February 2018, being the latest practicable date prior to the date of this Document   |
| LTD                                       | : | 6 December 2017, being the last trading day prior to the service of the SCR Offer Letter on the Board   |
| Market Day                                | : | A day on which Bursa Securities is open for trading in securities   |
| Mercury Securities or Independent Adviser | : | Mercury Securities Sdn. Bhd.  |
| NA  | : | Net assets  |
| Official List                             | : | A list specifying all securities listed on Bursa Securities   |
| PACs                                      | : | Persons acting in concert with the Non-Entitled Shareholder in relation to the Proposed SCR pursuant to Sections 216(2) and 216(3) of the CMSA, namely:<br><br>(a) Tam Wai;<br>(b) Ho Nee Kit;<br>(c) Ching Heng Yang;<br>(d) Hew Lien Lee; and<br>(e) Tan Yew Beng |
| PAT                                       | : | Profit after taxation   |
| PBR                                       | : | Price-to-book ratio   |
| PBT                                       | : | Profit before taxation  |
| PER                                       | : | Price-to-earnings ratio   |
| Proposed SCR                              | : | Proposed selective capital reduction and repayment exercise of LCTH pursuant to Section 116 of the Act  |
| Record of Depositors                      | : | A record of securities holders provided by Bursa Depository pursuant to the rules of the central depository as defined in the Securities Industry (Central Depositories) Act 1991   |

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## DEFINITIONS (CONT'D)

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|  |   |  |
|--|---|--|
| Registrar of Companies                   | : | Registrar of Companies in Malaysia   |
| RHB Investment Bank or Principal Adviser | : | RHB Investment Bank Berhad   |
| RM and sen                               | : | Ringgit Malaysia and sen respectively  |
| Rules                                    | : | Rules on Take-overs, Mergers and Compulsory Acquisitions   |
| SC                                       | : | Securities Commission Malaysia   |
| SCR Cash Amount                          | : | RM0.58 per LCTH Share, being the cash consideration to be paid for each LCTH Share held by the Entitled Shareholders on the Entitlement Date pursuant to the Proposed SCR  |
| SCR Offer Letter                         | : | The offer letter dated 7 December 2017 from Fu Yu, on behalf of Fu Yu Investment, requesting the Company to undertake the Proposed SCR   |
| SGD and cent                             | : | Singapore Dollar and cent respectively   |
| Special Resolution                       | : | The special resolution in respect of the Proposed SCR which is to be approved by a majority in number of shareholders and at least 75% in value to the votes attached to disinterested shares that are cast either in person or by proxy at the EGM of LCTH, provided that the value of votes cast against the resolution for the Proposed SCR at the EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of LCTH |
| VWAP                                     | : | Volume weighted average market price   |

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter gender and vice versa. Any references to persons shall include corporations, unless otherwise specified.

All references to “you” in this Document are to the shareholders of LCTH.

Any reference in this Document to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

All references to dates and times in this Document shall be references to Malaysian dates and times, unless otherwise specified.

Any discrepancies in the tables included in this Document between the amounts listed, actual figures and the totals thereof are due to rounding.

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**PART A**

**CIRCULAR TO SHAREHOLDERS OF LCTH IN RELATION TO THE PROPOSED SCR**





LCTH Corporation Berhad  
(Company No.: 633871-A)  
(Incorporated in Malaysia)

**Registered Office:**

802, 8<sup>th</sup> Floor, Block C  
Kelana Square  
17, Jalan SS 7/26  
47301 Petaling Jaya  
Selangor

14 February 2018

**Board of Directors:**

Datuk Muhammad Feisol Bin Haji Hassan (*Chairman / Independent Non-Executive Director*)  
Ho Nee Kit (*Vice Chairman / Executive Director*)  
Hew Lien Lee (*Managing Director*)  
Ching Heng Yang (*Executive Director*)  
Tam Wai (*Executive Director*)  
Ong Seng Pheow (*Independent Non-Executive Director*)  
Teh Bee Tein (*Independent Non-Executive Director*)

**To: The shareholders of LCTH**

Dear Sir/Madam,

**PROPOSED SCR**

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**1. INTRODUCTION**

On 7 December 2017, the Company announced that the Board had on even date received the SCR Offer Letter from Fu Yu, on behalf of Fu Yu Investment, requesting the Company to undertake the Proposed SCR which will result in the Non-Entitled Shareholder holding the entire equity interest of LCTH upon the Completion.

On 4 January 2018, the Company wrote to the Board of Directors of Fu Yu to request for an extension of the acceptance period ending on 5 January 2018 as set out in the SCR Offer Letter to 19 January 2018.

On 5 January 2018, the Company announced that the Board had on even date received a confirmation from Fu Yu agreeing to the Board's request for an extension of the acceptance period to 19 January 2018. Save for the extension of time granted to respond to Fu Yu, all other terms and conditions stated in the SCR Offer Letter remain unchanged. The details of the Proposed SCR are set out in **Section 2, Part A** of this Document.

On 8 January 2018, the Board (save for the Interested Directors), had appointed Mercury Securities as the Independent Adviser to provide comments, opinions, information and recommendations to the Board (save for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR. The IAL is set out in **Part B** of this Document.

On 10 January 2018, RHB Investment Bank, on behalf of the Board, announced that the Board (save for the Interested Directors) had, at a meeting held on 10 January 2018, deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to the Entitled Shareholders for their consideration and approval.

The SC had vide its letter dated 13 February 2018 notified that the SC has no further comments to this Document. However, such notification shall not be taken to indicate that the SC recommends the Proposed SCR or that the SC agrees with the recommendation of the Board or that SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.

**THE PURPOSE OF THIS DOCUMENT IS TO PROVIDE THE ENTITLED SHAREHOLDERS WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED SCR, AND TO SEEK THE APPROVAL FOR THE PROPOSED SCR FROM THE ENTITLED SHAREHOLDERS VIA THE SPECIAL RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM AND THE FORM OF PROXY ARE ENCLOSED HEREIN.**

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS DOCUMENT BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED SCR TO BE TABLED AT THE FORTHCOMING EGM. YOU SHOULD CONSIDER THE RECOMMENDATION OF THE INDEPENDENT ADVISER AS SET OUT IN PART B OF THIS DOCUMENT CAREFULLY BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED SCR TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. THE PROPOSED SCR**

The Proposed SCR involves LCTH undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act, in respect of the LCTH Shares held by the Entitled Shareholders.

As at the LPD, LCTH has a share capital of RM169,911,235.90 comprising 360,000,000 LCTH Shares, out of which the Entitled Shareholders hold 105,704,357 LCTH Shares, representing approximately 29.36% of the total LCTH Shares in issue.

Fu Yu Investment, being the Non-Entitled Shareholder, holds 254,295,643 LCTH Shares as at the LPD, representing approximately 70.64% of the total LCTH Shares in issue.

Fu Yu Investment and its PACs collectively hold 258,662,287 LCTH Shares, representing approximately 71.84% of the total LCTH Shares in issue.

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As at the LPD, the shareholdings of the Ultimate Offeror, the Non-Entitled Shareholder and the PACs in LCTH are as follows:

|  | Direct             |              | Indirect                   |       |
|--|--------------------|--------------|----------------------------|-------|
|  | No. of Shares      | %            | No. of Shares              | %     |
| <b><u>Ultimate Offeror</u></b>         |                    |              |                            |       |
| Fu Yu                                  | -                  | -            | <sup>(1)</sup> 254,295,643 | 70.64 |
| <b><u>Non-Entitled Shareholder</u></b> |                    |              |                            |       |
| Fu Yu Investment                       | 254,295,643        | 70.64        | -                          | -     |
| <b><u>PACs</u></b>                     |                    |              |                            |       |
| Tam Wai                                | 366,000            | 0.10         | <sup>(2)</sup> 254,295,643 | 70.64 |
| Ho Nee Kit                             | 369,120            | 0.10         | <sup>(2)</sup> 254,295,643 | 70.64 |
| Ching Heng Yang                        | 300,000            | 0.08         | <sup>(2)</sup> 254,295,643 | 70.64 |
| Hew Lien Lee                           | 3,031,524          | 0.84         | -                          | -     |
| Tan Yew Beng                           | 300,000            | 0.08         | -                          | -     |
| Total shareholdings held by the PACs   | 4,366,644          | 1.20         |                            |       |
| <b>TOTAL</b>                           | <b>258,662,287</b> | <b>71.84</b> |                            |       |

Notes:

- (1) Deemed interested by virtue of direct shareholding in Fu Yu Investment.  
(2) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.

Details on the relationship between the Offeror and the PACs are disclosed in **Section 9, Part A** of this Document.

For the avoidance of doubt, the Entitled Shareholders will include the PACs.

Under the Proposed SCR, the Entitled Shareholders will receive a total cash payment of RM61,308,527.06 which represents a cash amount of RM0.58 for each LCTH Share held by the Entitled Shareholders on the Entitlement Date. For the avoidance of doubt, the Non-Entitled Shareholder will not be entitled to the repayment of capital pursuant to the Proposed SCR.

Upon the Completion, 105,704,357 LCTH Shares held by the Entitled Shareholders will be cancelled. The Non-Entitled Shareholder will hold the remaining 254,295,643 LCTH Shares, which will not be cancelled pursuant to the Proposed SCR. Consequently, this would result in Non-Entitled Shareholder holding 100% equity interest in LCTH.

The Non-Entitled Shareholder and the PACs have not acquired any LCTH Shares at a price higher than the SCR Cash Amount during the past 3 months prior to the service of the SCR Offer Letter on the Board.

Should the Non-Entitled Shareholder or the PACs purchase or agree to purchase any of the LCTH Shares during the period commencing from the date of the service of the SCR Offer Letter on the Board until the Completion at a consideration that is higher than the SCR Cash Amount, the Non-Entitled Shareholder shall increase the SCR Cash Amount to be not less than the highest price (excluding stamp duty and commission) of the LCTH Shares paid or agreed to be paid by the Non-Entitled Shareholder or the PACs accordingly.

As at the LPD, the Non-Entitled Shareholder has not received any irrevocable undertaking from any Entitled Shareholders to vote in favour of the Special Resolution to be tabled at the forthcoming EGM.

In addition, as at the LPD, save for the SCR Offer Letter, LCTH has not received any alternative offer for the LCTH Shares or any other offer to acquire its assets and liabilities.

## 2.1 Basis of arriving at the SCR Cash Amount

The SCR Cash Amount was arrived at after taking into consideration, amongst others, the following:

### (i) Historical LCTH Share price

|  | Market price | Premium over market price/VWAP |       |
|--|--------------|--------------------------------|-------|
|  | RM           | RM                             | %     |
| Closing share price as at the LTD        | 0.4400       | 0.1400                         | 31.82 |
| 5-day VWAP up to and including the LTD   | 0.4428       | 0.1372                         | 30.98 |
| 1-month VWAP up to and including the LTD | 0.4489       | 0.1311                         | 29.20 |
| 3-month VWAP up to and including the LTD | 0.4604       | 0.1196                         | 25.98 |
| 6-month VWAP up to and including the LTD | 0.4933       | 0.0867                         | 17.58 |
| 1-year VWAP up to and including the LTD  | 0.5557       | 0.0243                         | 4.37  |

(Source: SCR Offer Letter)

### (ii) NA per LCTH Share and PBR

|  | NA per LCTH Share       | PBR based on market price | PBR based on SCR Cash Amount |
|--|-------------------------|---------------------------|------------------------------|
| Unaudited consolidated NA per LCTH Share as at 30 September 2017 | RM0.5768 <sup>(1)</sup> | 0.76 times <sup>(2)</sup> | 1.01 times                   |

Notes:

(1) Rounded to the nearest 4 decimal places.

(2) Based on LCTH's closing share price of RM0.4400 on the LTD.

### (iii) EPS and PER

|  | EPS                    | PER based on market price  | PER based on SCR Cash Amount |
|--|------------------------|----------------------------|------------------------------|
| Audited consolidated net EPS for FYE 31 December 2016                  | RM0.040 <sup>(1)</sup> | 11.00 times <sup>(2)</sup> | 14.50 times                  |
| Unaudited consolidated net EPS for last 12 months to 30 September 2017 | RM0.034 <sup>(1)</sup> | 12.94 times <sup>(2)</sup> | 17.06 times                  |

Notes:

(1) Rounded to the nearest 3 decimal places.

(2) Based on LCTH's closing share price of RM0.4400 on the LTD.

## 2.2 Distribution

If LCTH declares, makes and/or pays any dividend or undertakes a distribution of any other nature whatsoever (collectively, “**Distribution**”) during the period commencing from the date of the SCR Offer Letter up to the Completion, the SCR Cash Amount shall be reduced by an amount equivalent to the net Distribution made per LCTH Share.

On 13 December 2017, the second interim single tier dividend of 0.5 sen per LCTH Share was paid. Notwithstanding that the second interim single tier dividend was paid after the date of the SCR Offer Letter, the SCR Cash Amount will not be reduced by the second interim single tier dividend of 0.5 sen per LCTH Share.

The timeline from the announcement to payment of the second interim single tier dividend is as follows:

| <u>Date</u>      | <u>Event</u>   |
|------------------|--|
| 13 November 2017 | <ul style="list-style-type: none"><li>• Board approved the second interim single tier dividend of 0.5 sen per LCTH Share</li></ul> |
| 14 November 2017 | <ul style="list-style-type: none"><li>• Board announced the approval for the second interim single tier dividend</li></ul>         |
| 28 November 2017 | <ul style="list-style-type: none"><li>• Entitlement date for the second interim single tier dividend</li></ul>                     |
| 7 December 2017  | <ul style="list-style-type: none"><li>• Board announced that LCTH received the SCR Offer Letter</li></ul>                          |
| 13 December 2017 | <ul style="list-style-type: none"><li>• Second interim single tier dividend was paid</li></ul>                                     |

## 2.3 Funding

The Proposed SCR will be funded by the existing cash balance and internally generated funds of LCTH Group. Fu Yu confirms and RHB Investment Bank is satisfied that LCTH has sufficient financial resources to undertake the Proposed SCR and that the Proposed SCR will not fail by reason of insufficient financial capability of LCTH, and that the Entitled Shareholders would be paid in full by cash.

## 2.4 Listing Status of LCTH

The Ultimate Offeror and the Non-Entitled Shareholder have indicated that they **do not intend** to maintain the listing status of LCTH on the Main Market of Bursa Securities. Accordingly, the Non-Entitled Shareholder will request LCTH to make an application to Bursa Securities pursuant to Paragraph 16.08 of the Listing Requirements to de-list LCTH and withdraw its listing status from the Official List of Bursa Securities upon the Completion.

## 3. MODE AND TIMING OF SETTLEMENT

The settlement of the SCR Cash Amount for the Proposed SCR will be effected via electronic remittance to the Entitled Shareholders’ eDividend accounts duly registered with Bursa Depository. For the Entitled Shareholders who do not maintain eDividend accounts, the settlement of the SCR Cash Amount for the Proposed SCR will be effected via remittance in the form of electronic payments or cheques, banker’s drafts and/or cashier’s orders which will be despatched by ordinary mail to the Entitled Shareholders (or their designated agents, as they may direct) at the Entitled Shareholders’ registered addresses last maintained with Bursa Depository at their own risk within 10 days from the Effective Date.

Except with the consent of the SC, settlement of the SCR Cash Amount to which the Entitled Shareholders are entitled under the Proposed SCR will be implemented in full in accordance with the terms of the Proposed SCR without regard to any lien, right of set-off, counterclaim or other analogous rights to which the Company may otherwise be, or claim to be, entitled against the Entitled Shareholders.

Non-resident Entitled Shareholders are advised that the settlement of the SCR Cash Amount will be made in RM. Non-resident Entitled Shareholders who wish to convert the consideration received into foreign currency for repatriation may do so after payment of the appropriate fee and/or charges as levied by the respective financial institutions.

#### **4. RATIONALE FOR THE PROPOSED SCR**

The Proposed SCR is undertaken pursuant to the SCR Offer Letter. The rationale for the Proposed SCR as set out in the SCR Offer Letter by the Ultimate Offeror is to provide an opportunity for the Entitled Shareholders to realise their investments in LCTH at a premium to prevailing market price of LCTH Shares after taking into consideration the following:

##### **(i) Declining Financial Performance**

LCTH Group, which is principally involved in the manufacturing and sub-assembly of precision plastic parts and components and fabrication of precision moulds and dyes, is operating in a challenging environment and its financial performance has been declining due to the following factors:

- (a) Intense competition amongst the operators in the manufacturing of plastic injection parts and components has led to downward pressures on prices of products and this has resulted in declining revenue of the Group. Furthermore, the Group currently has no long term contracts with its customers which it can rely on as a source of secured revenue.
- (b) Majority of products sold by the Group are invoiced in United States Dollars and the recent appreciation of RM against United States Dollar has adversely affected the financial results of the Group.
- (c) The increase in the price of crude oil has adversely affected the cost of goods sold in respect of the Group as the Group is not able to pass on the increased cost entirely to its customers.
- (d) The increase in operating costs, such as the increase in labour costs due to the implementation of new foreign worker levy rates and the increase in minimum wage, has adversely affected the profit margin of the Group.

Due to the above factors, the Group has been facing declining revenue, PBT and PAT since 2015.

Please refer to **Section 6, Appendix IV** of this Document for the summary of LCTH Group's financial performance for the past 3 FYEs 31 December 2014 to 31 December 2016 and 9-month FPE 30 September 2017.

##### **(ii) Trading Liquidity**

The trading liquidity of LCTH Shares has also been low, with an average daily trading volume of approximately 1,933,859 LCTH Shares for the past 3 years up to the LTD. The average daily trading volume has decreased further to 665,855 LCTH Shares for the past 1 year, representing 0.66% of the LCTH Shares held by public shareholders as at the LTD.

**(iii) Listing Status**

The listing status of LCTH brings minimal benefit to the Company and its shareholders. LCTH has not undertaken any fund raising activities since the initial public offering of LCTH in the year 2004. Further, LCTH is bearing additional costs for the listing status to comply with the regulatory requirements as a listed company on Bursa Securities.

The privatisation of LCTH by way of the Proposed SCR also provides greater flexibility to LCTH in managing and developing the existing business of LCTH whilst exploring opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listing status on Bursa Securities.

**5. FUTURE PLANS FOR LCTH GROUP AND ITS EMPLOYEES**

The Board (save for the Interested Directors) has taken note of the future plans of the Non-Entitled Shareholder and the Ultimate Offeror for LCTH Group and its employees after the Completion, and the future plans are set out below:

- (i) The Non-Entitled Shareholder and the Ultimate Offeror do not have any plan and/or intention to liquidate any companies within LCTH Group and intend to continue with the existing core businesses and operations of LCTH Group. If the need arises, the Non-Entitled Shareholder and the Ultimate Offeror shall review the business and operations of LCTH Group in order to remain competitive and in the best interests of LCTH Group;
- (ii) The Non-Entitled Shareholder and the Ultimate Offeror do not have any plan and/or intention to introduce or effect major changes to the existing businesses, dispose of any major assets or undertake any major re-deployment of the fixed assets of LCTH Group upon the Completion except where such change, disposal and/or redeployment is necessary as part of the process to rationalise the business activities and/or direction of LCTH Group or to improve the utilisation of resources; and
- (iii) The Non-Entitled Shareholder and the Ultimate Offeror do not have any plan to dismiss or make redundant any of the existing employees of LCTH Group as a direct consequence of the Proposed SCR. Any changes with regard to staff employment may take place as a result of rationalisation and/or streamlining the business activities and/or to further improve efficiency of the operations of LCTH Group, subject always to decisions made by the Board in the best interest of LCTH Group.

Notwithstanding the above, the Non-Entitled Shareholder and the Ultimate Offeror retain the flexibility to consider any options which are in the best interest of LCTH Group that may present themselves.

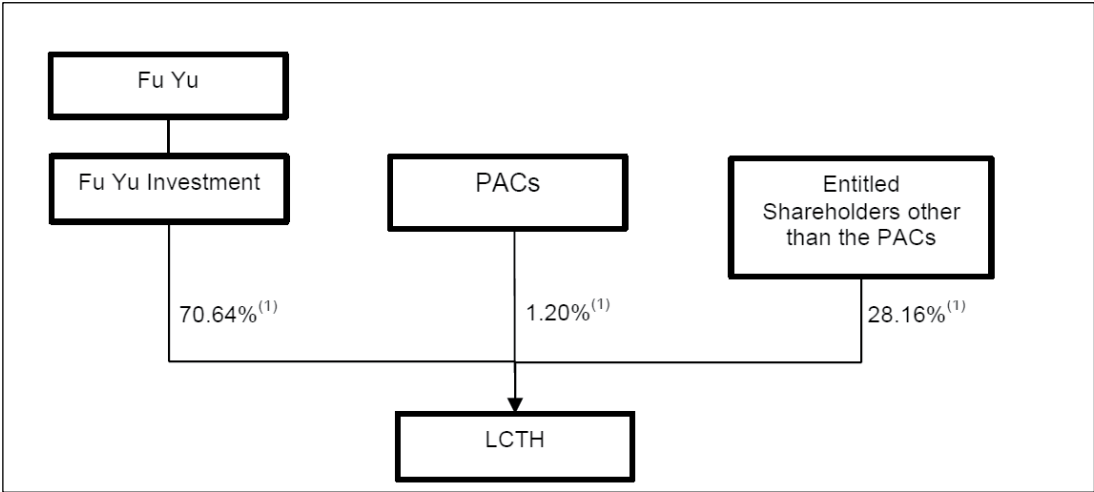
The Board (save for the Interested Directors) has also taken note that as at the LPD, the Non-Entitled Shareholder and the Ultimate Offeror have not entered into any negotiations or arrangements or understanding with any third party with regards to any significant changes in the business, assets or shareholding structure of LCTH Group.

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**6. SHAREHOLDING STRUCTURE**

The shareholding structure of LCTH before and after the Proposed SCR is set out below:

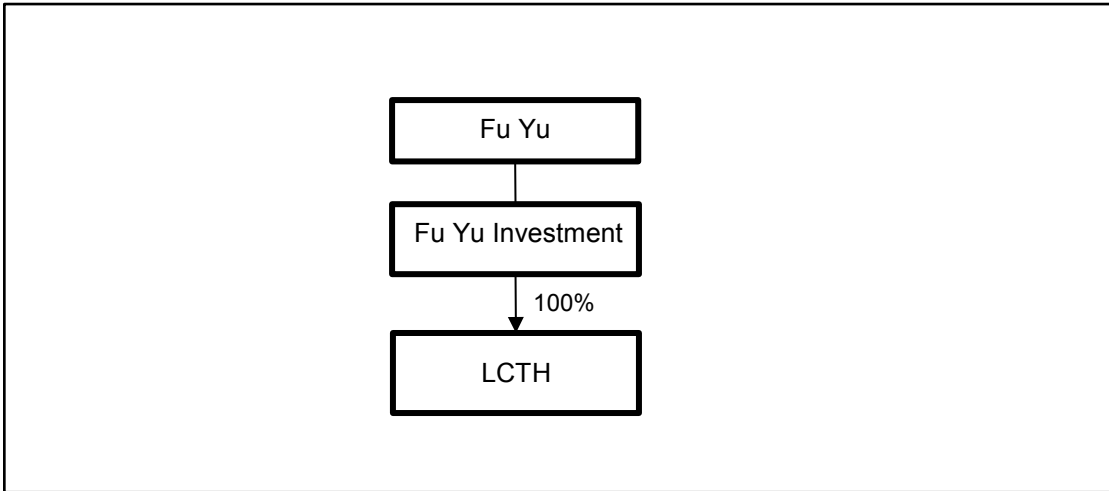
**Before the Proposed SCR  
(as at the LPD)**



Note:

(1) Based on 360,000,000 LCTH Shares in issue.

**After the Proposed SCR  
(upon the Completion)**



Note:

(1) Based on 254,295,643 LCTH Shares upon the Completion.



## 7. EFFECTS OF THE PROPOSED SCR

### 7.1 Share Capital

The pro forma effects of the Proposed SCR on the share capital of the Company are as follows:

|  | <b>No. of LCTH<br/>Shares</b> | <b>RM</b>                  |
|--|-------------------------------|----------------------------|
| Share capital of LCTH as at the LPD                    | 360,000,000                   | 169,911,236 <sup>(2)</sup> |
| Proposed SCR <sup>(1)</sup>                            | <u>(105,704,357)</u>          | <u>(61,308,527)</u>        |
| Resultant share capital of LCTH after the Proposed SCR | <u>254,295,643</u>            | <u>108,602,709</u>         |

Notes:

- (1) *The Non-Entitled Shareholder will not be entitled to the repayment of capital pursuant to the Proposed SCR. Based on the 105,704,357 LCTH Shares held by the Entitled Shareholders as at the LPD, the total cash payment pursuant to the Proposed SCR is RM61,308,527.06 which represents a cash amount of RM0.58 per LCTH Share.*
- (2) *With the coming into effect of the Act on 31 January 2017, the credit standing in the share premium accounts of RM97,911,235.90 has been transferred to the share capital account. The Company may use the credit amounts being transferred from share premium for the purposes as set out in Section 618(3) of the Act within 24 months after the commencement of the Act.*

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## 7.2 Substantial Shareholders' Shareholdings

The pro forma effects of the Proposed SCR on the shareholding of the substantial shareholders of LCTH are illustrated below:

| Shareholders     | As at the LPD |       |                |       | After the Proposed SCR |        |                |        |
|------------------|---------------|-------|----------------|-------|------------------------|--------|----------------|--------|
|                  | Direct        |       | Indirect       |       | Direct                 |        | Indirect       |        |
|                  | No. of Shares | (1)%  | No. of Shares  | (1)%  | No. of Shares          | (2)%   | No. of Shares  | (2)%   |
| Fu Yu Investment | 254,295,643   | 70.64 | -              | -     | 254,295,643            | 100.00 | -              | -      |
| Fu Yu            | -             | -     | (3)254,295,643 | 70.64 | -                      | -      | (3)254,295,643 | 100.00 |
| Tam Wai          | 366,000       | 0.10  | (4)254,295,643 | 70.64 | -                      | -      | (4)254,295,643 | 100.00 |
| Ho Nee Kit       | 369,120       | 0.10  | (4)254,295,643 | 70.64 | -                      | -      | (4)254,295,643 | 100.00 |
| Ching Heng Yang  | 300,000       | 0.08  | (4)254,295,643 | 70.64 | -                      | -      | (4)254,295,643 | 100.00 |

Notes:

- (1) Based on 360,000,000 LCTH Shares in issue.
- (2) Based on 254,295,643 LCTH Shares upon the Completion.
- (3) Deemed interested by virtue of direct shareholding in Fu Yu Investment.
- (4) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.

Upon the Completion, LCTH will be wholly-owned by the Non-Entitled Shareholder as a result of the cancellation of all LCTH Shares owned by the Entitled Shareholders.

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### 7.3 NA per Share and Gearing

For illustrative purposes, based on the latest audited consolidated statement of financial position of LCTH as at 31 December 2016, the pro forma effects of the Proposed SCR on the audited consolidated NA per Share and gearing of LCTH Group are as follows:

|                                    | Audited<br>FYE 31 December<br>2016 | Adjustment for<br>subsequent<br>event <sup>(1)</sup> | After the<br>Completion |
|------------------------------------|------------------------------------|--|-------------------------|
|                                    | RM'000                             | RM'000   | RM'000                  |
| Share capital                      | 72,000                             | 169,911  | 108,603                 |
| Share premium                      | 97,911                             | -  | -                       |
| Retained profits                   | 37,747                             | 37,747   | 37,747                  |
| <b>Shareholders' equity/NA</b>     | <b>207,658</b>                     | <b>207,658</b>                                       | <b>146,350</b>          |
| <br>                               |                                    |  |                         |
| No. of LCTH Shares in issue ('000) | 360,000                            | 360,000  | 254,296                 |
| NA per LCTH Share (RM)             | 0.58                               | 0.58   | 0.58                    |
| Borrowings                         | -                                  | -  | -                       |
| Gearing (times)                    | -                                  | -  | -                       |

Note:

- (1) *With the coming into effect of the Act on 31 January 2017, the credit standing in the share premium accounts of RM97,911,235.90 has been transferred to the share capital account. The Company may use the credit amounts being transferred from share premium for the purposes as set out in Section 618(3) of the Act within 24 months after the commencement of the Act.*

### 7.4 Earnings and EPS

The Proposed SCR is not expected to have any material effect on the earnings of LCTH for FYE 31 December 2018. Nevertheless, the expenses for the Proposed SCR is estimated to be approximately RM1.7 million and it will be incurred in 2018 as the Proposed SCR is expected to be completed by mid-2018.

Upon the Completion, the consolidated EPS of LCTH Group will increase in proportion to the decrease in the number of LCTH Shares upon the cancellation of shares pursuant to the Proposed SCR.

### 7.5 Convertible Securities

As at the LPD, the Company does not have any outstanding convertible securities.

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## 8. CONDITIONS OF THE PROPOSED SCR

The Completion is subject to and conditional upon the following conditions being obtained:

- (i) the approval of the Entitled Shareholders who are entitled to vote for the Proposed SCR via a Special Resolution to be tabled at an EGM of LCTH to be convened.

The Special Resolution is to be approved by a majority in number of shareholders and at least 75% in value to the votes attached to disinterested shares that are cast either in person or by proxy at the EGM of LCTH, provided that the value of votes cast against the resolution for the Proposed SCR at the EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of LCTH;

- (ii) the grant of an order by the High Court confirming the reduction of share capital in accordance with Section 116 of the Act ("**High Court Order**") giving effect to the Proposed SCR, followed by the lodgement of an office copy of the High Court Order with the Registrar of Companies; and
- (iii) the approval of the Ministry of International Trade and Industry and/or Malaysian Industrial Development Authority ("**MIDA**") for the removal of equity conditions in manufacturing licences issued to LCTH Group ("**MIDA Application**").

LCTH Group has applied to MIDA for the removal of the equity conditions set out in the manufacturing licences issued to LCTH Group on 12 January 2018. MIDA is expected to process the MIDA Application and indicate its approval or rejection of the application by early March 2018.

The Proposed SCR will become effective upon the lodgement of an office copy of the High Court Order with the Registrar of Companies pursuant to Section 116(6) of the Act.

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

Save as disclosed below, there are no other directors of LCTH, major shareholders of LCTH and/or persons connected to them who have any interest, direct or indirect, in the Proposed SCR:

- (i) Tam Wai, being an Executive Director of LCTH is also a Director of Fu Yu Investment and an Executive Director of Fu Yu. He is a major shareholder of LCTH through his 0.10% direct interest in LCTH and 70.64% deemed interest in LCTH through Fu Yu Investment. He is also a shareholder of Fu Yu, with 12.84% direct interest and 0.04% indirect interest in Fu Yu through his spouse;
- (ii) Ho Nee Kit, being the Vice Chairman/an Executive Director of LCTH is also a Director of Fu Yu Investment and an Executive Director of Fu Yu. He is a major shareholder of LCTH through his 0.10% direct interest in LCTH and 70.64% deemed interest in LCTH through Fu Yu Investment. He is also a shareholder of Fu Yu through his 12.88% direct interest in Fu Yu;
- (iii) Ching Heng Yang, being an Executive Director of LCTH is also a Director of Fu Yu Investment and an Executive Director of Fu Yu. He is a major shareholder of LCTH through his 0.08% direct interest in LCTH and 70.64% deemed interest in LCTH through Fu Yu Investment. He is also a shareholder of Fu Yu through his 11.81% direct interest in Fu Yu; and

- (iv) Hew Lien Lee, being the Managing Director of LCTH is also an Executive Director/Chief Executive Office and Chief Operating Officer of Fu Yu. He is a shareholder of LCTH through his 0.84% direct interest in LCTH and also a shareholder of Fu Yu through his 1.08% direct interest in Fu Yu.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting on the Proposed SCR at the relevant Board meetings and will also abstain from voting in respect of their direct and/or indirect shareholdings in LCTH, on the resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.

Tan Yew Beng, being a shareholder of LCTH and Fu Yu through his 0.08% direct interest in LCTH and 0.34% direct interest in Fu Yu respectively, is a PAC by virtue of him being an Independent Non-Executive Director of Fu Yu. He is deemed interested in the Proposed SCR. As such, Tan Yew Beng will abstain from voting in respect of his direct and/or indirect shareholdings in LCTH, on the resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM.

Fu Yu Investment, a major shareholder of LCTH, holds 254,295,643 Shares, representing approximately 70.64% of the total LCTH Shares in issue as at the LPD and is deemed interested in the Proposed SCR. As such, Fu Yu Investment will abstain from voting in respect of its direct and/or indirect shareholdings in LCTH, on the resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM.

Fu Yu, a major shareholder of LCTH, has an indirect interest of 254,295,643 Shares, representing approximately 70.64% of the total LCTH Shares in issue as at the LPD and is deemed interested in the Proposed SCR. As such, Fu Yu will abstain from voting in respect of its direct and/or indirect shareholdings in LCTH, on the resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM.

The Interested Shareholders have undertaken that they will ensure that persons connected with them, will abstain from voting, in respect of their direct and/or indirect shareholdings in LCTH, on the resolution pertaining to the Proposed SCR to be tabled at the Company's forthcoming EGM.

## 10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and upon the requisite clearance, approvals and consents being obtained, the Board expects the Proposed SCR to be completed in the second quarter of 2018.

The tentative timetable for the implementation of the Proposed SCR is as follows:

| <b>Date</b>    | <b>Event<sup>(1)</sup></b>  |
|----------------|---|
| March 2018     | <ul style="list-style-type: none"> <li>• Decision on the MIDA Application</li> <li>• EGM for the Proposed SCR</li> <li>• Lodgement of application to seek the confirmation from the High Court for the reduction of share capital under Section 116 of the Act</li> </ul> |
| April 2018     | <ul style="list-style-type: none"> <li>• Announcement that the High Court has granted an order confirming the reduction of share capital under Section 116 of the Act<sup>(1)</sup></li> </ul>  |
| End April 2018 | <ul style="list-style-type: none"> <li>• Announcement of book closure date for the repayment to shareholders</li> <li>• Announcement of Notice of Suspension and Entitlement Date</li> </ul>  |

| <b>Date</b>     | <b>Event<sup>(1)</sup></b>   |
|-----------------|--|
| Mid May 2018    | <ul style="list-style-type: none"> <li>• Entitlement Date<sup>(2)</sup></li> <li>• Settlement of the SCR Cash Amount and the Completion</li> </ul> |
| Early June 2018 | <ul style="list-style-type: none"> <li>• De-listing of LCTH from the Official List of Bursa Securities</li> </ul>                                  |

*Notes:*

- (1) *This is an indicative timetable depending on, inter alia, the date on which the High Court confirms the reduction of LCTH's share capital pursuant to Section 116 of the Act.*
- (2) *The trading of LCTH Shares on the Main Market of Bursa Securities will be suspended 3 clear Market Days prior to the Entitlement Date.*

## **11. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed SCR, there are no outstanding corporate proposals which have been announced by the Company but pending completion as at the LPD.

## **12. INDEPENDENT ADVISER**

In accordance with Paragraph 3.06 of the Rules, the Board (save for the Interested Directors) had appointed Mercury Securities as the Independent Adviser to provide comments, opinions, information and recommendations to the Board (save for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR.

Please refer to **Part B** of this Document for the IAL in relation to the Proposed SCR. The Entitled Shareholders are advised to read and carefully consider the contents of the IAL before voting on the Special Resolution to give effect to the Proposed SCR at the forthcoming EGM.

## **13. DIRECTORS' RECOMMENDATION**

The Board (save for the Interested Directors), having considered all aspects of the Proposed SCR, in particular:

- (i) the rationale of the Proposed SCR as set out in **Section 4, Part A** of this Document; and
- (ii) the advice of the Independent Adviser, which on an overall basis, had recommended the Entitled Shareholders to vote in favour of the Special Resolution,

is of the opinion that the Proposed SCR is in the best interest of the Entitled Shareholders.

Accordingly, the Board (save for the Interested Directors), concur with the evaluation and recommendation of the Independent Adviser and recommend that the Entitled Shareholders **VOTE IN FAVOUR** of the Special Resolution to be tabled at the forthcoming EGM.

## **14. EGM**

The notice convening the EGM is enclosed herewith together with this Document. The EGM will be held at Kayangan Suite, Pulai Springs Resort, 20KM Jalan Pontian Lama, 81110 Pulai, Johor, Malaysia on Thursday, 8 March 2018 at 2.00 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the Special Resolution to give effect to the Proposed SCR.

If you are unable to attend and vote in person at our forthcoming EGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions thereon as soon as possible so as to arrive at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time appointed for the EGM or at any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming EGM should you subsequently decide to do so.

**15. FURTHER INFORMATION**

For further information, please refer to the attached appendices which form part of this Document.

Yours faithfully  
For and on behalf of the Board of  
**LCTH CORPORATION BERHAD**

**Datuk Muhammad Feisol Bin Haji Hassan**  
Chairman / Independent Non-Executive Director

**PART B**

**IAL FROM THE INDEPENDENT ADVISER TO THE ENTITLED SHAREHOLDERS IN RELATION  
TO THE PROPOSED SCR**



## EXECUTIVE SUMMARY

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*All definitions used in this Executive Summary shall have the same meaning as the words and expressions defined in the "Definition" section of this Document, except where the context otherwise requires or where otherwise defined herein. All references to "we", "us" or "our" in this IAL are references to Mercury Securities, being the Independent Adviser for the Proposed SCR.*

**This Executive Summary highlights the salient points of our assessment of the Proposed SCR. You are advised to read and understand this IAL in its entirety, together with Part A: Circular to shareholders of LCTH in relation to the Proposed SCR as well as the accompanying appendices for other relevant information. Do not rely solely on this Executive Summary in forming an opinion on the Proposed SCR.**

**You are also advised to carefully consider the recommendations contained in this Document before voting on the Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.**

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

### 1. INTRODUCTION

On 7 December 2017, the Company announced that the Board had on even date received the SCR Offer Letter from Fu Yu, on behalf of Fu Yu Investment, requesting the Company to undertake the Proposed SCR which will result in the Non-Entitled Shareholder holding the entire equity interest of LCTH upon the Completion.

On 4 January 2018, the Company wrote to the Board of Directors of Fu Yu to request for an extension of the acceptance period ending on 5 January 2018 as set out in the SCR Offer Letter to 19 January 2018.

On 5 January 2018, the Company announced that the Board had on even date received a confirmation from Fu Yu agreeing to the Board's request for an extension of the acceptance period to 19 January 2018 ("**Offer Extension Letter**"). Save for the extension of time granted to respond to Fu Yu, all other terms and conditions stated in the SCR Offer Letter remain unchanged. The details of the Proposed SCR are set out in Section 2, Part A of this Document.

On 8 January 2018, the Board (save for the Interested Directors), had appointed Mercury Securities as the Independent Adviser to provide comments, opinions and recommendations to the Board (save for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR.

On 10 January 2018, RHB Investment Bank, on behalf of the Board, announced that the Board (save for the Interested Directors) had deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to the Entitled Shareholders for their consideration and approval.

On 13 February 2018, the SC had notified that it has no further comments to this Document. However, such notification shall not be taken to indicate that the SC recommends the Proposed SCR or that the SC agrees with the recommendation contained in this Document or that the SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.

The purpose of this IAL is to provide you with an independent evaluation on the Proposed SCR, together with our recommendation on whether the Entitled Shareholders should vote in favour of or against the Special Resolution pertaining to the Proposed SCR at the forthcoming EGM.

## EXECUTIVE SUMMARY (CONT'D)

### 2. EVALUATION OF THE PROPOSED SCR

#### 2.1 FAIRNESS OF THE PROPOSED SCR

(please refer to Section 5 in this IAL for further details)

In assessing the fairness of the Proposed SCR, we have considered the following pertinent factor:-

| Consideration                |   |
|------------------------------|---|
| Valuation of the LCTH Shares | <p>(i) In arriving at the value of the LCTH Shares, Mercury Securities has adopted the sum-of-parts valuation (“<b>SOPV</b>”) model as the sole valuation method, in which the value of the LCTH Shares will be the aggregate of the following:-</p> <p>(a) Discounted Cash Flow (“<b>DCF</b>”) valuation on the free cash flows to equity (“<b>FCFE</b>”) projected to be generated from the Group’s sole core business of manufacturing and sub-assembly of precision plastic parts and components and fabrication of precision moulds and dyes; and</p> <p>(b) carrying amount of unutilised cash and bank balances of the Group which are not utilised or are considered in excess of the Group’s working capital requirements in generating income and/or cash flows for the said core business of the Group.</p> <p>(ii) Mercury Securities views the SOPV model to be the most appropriate method to estimate the value of the LCTH Shares for the reasons as set out in Section 5 of this IAL.</p> <p>(iii) Based on the SOPV method, Mercury Securities has derived an estimated value for the entire equity interest in LCTH of RM229.21 million, which translates to an estimated value per LCTH Share of RM0.64.</p> <p>(iv) The SCR Cash Amount of RM0.58 is <b>lower than</b> and represents a discount of 9.38% to the estimated value per LCTH Share of RM0.64.</p> |
| <b>Our view</b>              | In view that the SCR Cash Amount of RM0.58 is lower than the value per LCTH Share of RM0.64, the Proposed SCR is <b><u>NOT FAIR</u></b> .   |

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## EXECUTIVE SUMMARY (CONT'D)

### 2.2 REASONABLENESS OF THE PROPOSED SCR (please refer to Section 6 in this IAL for further details)

In assessing the reasonableness of the Proposed SCR, we have considered the following pertinent factors:-

| Consideration                                    |   |
|--|---|
| Historical share price performance               | (i) The SCR Cash Amount of RM0.58 is:-<br><br>(a) <b>higher</b> than the daily VWAPs of LCTH Shares for 99% of the Market Days in the past 1 year before the date of the SCR Offer Letter up to the LPD, representing a premium of 8.33% over the VWAP of LCTH Shares for the said period of RM0.5354; and<br><br>(b) <b>higher</b> than the daily VWAPs of LCTH Shares for 85% of the Market Days in the past 3 years before the date of the SCR Offer Letter up to the LPD, representing a premium of 10.18% over the VWAP of LCTH Shares for the said period of RM0.5264.<br><br>(ii) The SCR Cash Amount represents a <b>premium</b> of between 4.37% and 31.82% over the 1-year VWAP up to the last traded market price of the LCTH Shares on the LTD. |
| Historical liquidity analysis of the LCTH Shares | The LCTH Shares are <b>illiquid</b> , with a simple average monthly trading volume-to-free float for the past 6 months up to November 2017 ( <i>being the last full trading month prior to the LTD</i> ) of 3.88%.  |
| No other competing take-over offer               | As at the LPD, LCTH has not received any alternative offer for the LCTH Shares or any other offer to acquire its assets and liabilities. In view that the Non-Entitled Shareholder currently holds a controlling stake of more than 70% equity interest in LCTH, any such offer will not be successful unless with the support of the Non-Entitled Shareholder.   |
| <b>Our view</b>                                  | The Proposed SCR is <b><u>REASONABLE</u></b> .  |

### 3. RECOMMENDATION

Premised on the above and our evaluation as a whole, we are of the view that the Proposed SCR is **NOT FAIR** but **REASONABLE**.

Accordingly, we recommend that the Entitled Shareholders **VOTE IN FAVOUR** of the Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.



# Mercury Securities Sdn. Bhd. (113193-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**Registered office:**

Ground, 1st, 2nd & 3rd Floor  
Wisma UMNO

Lorong Bagan Luar Dua  
12000 Butterworth, Seberang Perai

**To: The Entitled Shareholders**

Dear Sir / Madam,

14 February 2018

## **IAL TO THE ENTITLED SHAREHOLDERS IN RELATION TO THE PROPOSED SCR**

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*This IAL is prepared for inclusion in this Document. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the "Definition" section of this Document, except where the context otherwise requires or where otherwise defined herein. All references to "we", "us" or "our" in this IAL are references to Mercury Securities, being the Independent Adviser for the Proposed SCR.*

### **1. INTRODUCTION**

On 7 December 2017, the Company announced that the Board had on even date received the SCR Offer Letter from Fu Yu, on behalf of Fu Yu Investment, requesting the Company to undertake the Proposed SCR which will result in the Non-Entitled Shareholder holding the entire equity interest of LCTH upon the Completion.

On 4 January 2018, the Company wrote to the Board of Directors of Fu Yu to request for an extension of the acceptance period ending on 5 January 2018 as set out in the SCR Offer Letter to 19 January 2018.

On 5 January 2018, the Company announced that the Board had on even date received a confirmation from Fu Yu agreeing to the Board's request for an extension of the acceptance period to 19 January 2018 ("**Offer Extension Letter**"). Save for the extension of time granted to respond to Fu Yu, all other terms and conditions stated in the SCR Offer Letter remain unchanged. The details of the Proposed SCR are set out in Section 2, Part A of this Document.

On 8 January 2018, the Board (save for the Interested Directors), had appointed Mercury Securities as the Independent Adviser to provide comments, opinions and recommendations to the Board (save for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR.

On 10 January 2018, RHB Investment Bank, on behalf of the Board, announced that the Board (save for the Interested Directors) had deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to the Entitled Shareholders for their consideration and approval.

On 13 February 2018, the SC had notified that it has no further comments to this Document. However, such notification shall not be taken to indicate that the SC recommends the Proposed SCR or that the SC agrees with the recommendation contained in this Document or that the SC assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Document.

The purpose of this IAL is to provide you with an independent evaluation on the Proposed SCR, together with our recommendation on whether the Entitled Shareholders should vote in favour of or against the Special Resolution pertaining to the Proposed SCR at the forthcoming EGM.

- Butterworth** - Ground, 1st, 2nd & 3rd Floor, Wisma UMNO, Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai. Tel: 04-3322123 Fax: 04-3231813 / 3312195 E-mail: mercury@mersec.com.my Website: www.mercurysecurities.com.my
- Kuala Lumpur** - L-7-2, No. 2, Jalan Solaris, Solaris Mont' Kiara 50480 Kuala Lumpur. Tel: 03-62037227 Fax: 03-62037117 E-mail: mercurykl@mersec.com.my
- Melaka** - No. 81, Ground Floor, 81A & 81B, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka. Tel: 06-2921898 Fax: 06-2926898
- Penang** - 2nd Floor, Standard Chartered Bank Chambers, 2 Lebuh Pantai, 10300 Penang. Tel: 04-2639118 Fax: 04-2612118
- Johor Bahru** - Menara Pelangi, Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor. Tel: 07-3316992 Fax: 07-3322693

The Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM is required to be approved by a majority in number of shareholders and at least 75% in value to the votes attached to disinterested shares that are cast either in person or by proxy at the EGM of LCTH, provided that the value of votes cast against the resolution for the Proposed SCR at the EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of LCTH.

This IAL is prepared solely for the use of the Entitled Shareholders to consider the Proposed SCR and should not be used or relied upon by any other party or for any other purposes.

**YOU ARE ADVISED TO CAREFULLY CONSIDER THE CONTENTS OF THIS DOCUMENT AS WELL AS THE RECOMMENDATIONS CONTAINED HEREIN BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED SCR TO BE TABLED AT THE FORTHCOMING EGM.**

**IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED SCR**

Mercury Securities was not involved in any formulation of or any deliberations and negotiations on the terms and conditions pertaining to the Proposed SCR. The terms of reference of our appointment as the Independent Adviser are in accordance with the requirements relating to independent advisers as contained in the Rules.

We have evaluated the Proposed SCR and in rendering our advice, we have considered various factors which we believe are of relevance and general importance to an assessment of the terms and conditions as well as implications of the Proposed SCR and would be of general concern to the Entitled Shareholders.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the terms and conditions of the Proposed SCR as to whether the Proposed SCR is fair and reasonable insofar as the Entitled Shareholders are concerned based on information and documents provided to us or which are available to us and making enquiries as were reasonable in the circumstances. In performing our evaluation, we have relied on the following sources of information:-

- (i) information contained in the SCR Offer Letter and Part A of this Document as well as the accompanying appendices attached thereto;
- (ii) audited financial statements of LCTH from FYE 31 December 2004 to FYE 31 December 2016 as well as the unaudited financial statements for the 9-month FPE 30 September 2017;
- (iii) discussions with and representations by the Board and management of LCTH;
- (iv) other relevant information, documents, confirmations and representations furnished to us by the Board and management of LCTH; and
- (v) other publicly available information which we deem to be relevant.

We have relied on the Board and management of LCTH to take due care to ensure that all information, documents and representations provided by them to facilitate our evaluation of the Proposed SCR are accurate, valid and complete in all material aspects. Nonetheless, we have made enquiries as were reasonable in the circumstances and as at the date hereof, we are satisfied that the information provided to us or which are available to us is sufficient and have no reason to believe that the aforementioned information is unreliable, incomplete, misleading and/or inaccurate.

Our evaluation as set out in this IAL is rendered solely for the benefit of the Entitled Shareholders as a whole and not for any specific group of Entitled Shareholders. Hence, in carrying out our evaluation, we have not taken into consideration any specific investment objectives, financial situation, risk profile or particular needs of any individual Entitled Shareholder or any specific group of Entitled Shareholders. We recommend that any Entitled Shareholder who is in doubt as to the action to be taken in relation to the Proposed SCR in the context of his/her individual investment objectives, financial situation, risk profile or particular needs should consult his/her respective stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are, amongst others, based on economic, market and other conditions prevailing, and the information and/or documents made available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time.

We shall immediately notify the SC in writing and the Entitled Shareholders by way of an announcement if, after despatching this IAL, as guided by Paragraph 11.07(1) of the Rules, we become aware that this IAL:-

- (i) contains a material statement which is false or misleading;
- (ii) contains a statement from which there is a material omission; or
- (iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAL to the Entitled Shareholders in accordance with Paragraph 11.07(2) of the Rules.

### 3. DETAILS OF THE PROPOSED SCR

The details of the Proposed SCR are as follows:-

|   |  |
|---|--|
| <b>Consideration for the Proposed SCR</b> | Subject to the Completion, the Entitled Shareholders will receive <b>RM0.58 for each LCTH Share</b> held on the Entitlement Date.<br><br>Please refer to Section 2, Part A of this Document for further details.   |
| <b>Mode and timing of settlement</b>      | The settlement of the SCR Cash Amount will be effected via electronic remittance to the Entitled Shareholders' eDividend accounts duly registered with Bursa Depository. For the Entitled Shareholders who do not maintain eDividend accounts, the settlement of the SCR Cash Amount will be effected via remittance in the form of electronic payments or cheques, banker's drafts and/or cashier's orders which will be despatched by ordinary mail to the Entitled Shareholders ( <i>or their designated agents, as they may direct</i> ) at the Entitled Shareholders' registered addresses last maintained with Bursa Depository at their own risk <b>within 10 days from the Effective Date</b> .<br><br>Please refer to Section 3, Part A of this Document for further details. |
| <b>Conditions to the Proposed SCR</b>     | The Proposed SCR is subject to and conditional upon the following being obtained:-<br><br>(i) the approval of the Entitled Shareholders who are entitled to vote for the Proposed SCR via a Special Resolution to be tabled at an EGM of LCTH to be convened, whereby the Special Resolution is to be approved by a majority in number of shareholders and at least 75% in value to the votes attached to disinterested shares that are cast either in person or by proxy at the EGM of LCTH, provided that the value of votes cast against the resolution for the Proposed SCR at the EGM is not more than 10% of the votes attaching to all disinterested shares of the total voting shares of LCTH;   |

|   |  |
|---|--|
| <b>Conditions to the Proposed SCR (cont'd)</b>  | <p>(ii) the grant of the High Court Order giving effect to the Proposed SCR, followed by the lodgement of an office copy of the High Court Order with the Registrar of Companies;</p> <p>(iii) the approval of the MIDA for the removal of equity conditions in manufacturing licences issued to LCTH Group.</p> <p>LCTH Group has applied to MIDA for the removal of the equity conditions set out in the manufacturing licences issued to LCTH Group on 12 January 2018. MIDA is expected to process the MIDA Application and indicate its approval or rejection of the application by early March 2018.</p> <p>The Proposed SCR will become effective upon the lodgement of an office copy of the High Court Order with the Registrar of Companies pursuant to Section 116(6) of the Act.</p> <p>The Proposed SCR is not conditional upon any other corporate exercise of LCTH.</p> |
| <b>Irrevocable undertaking</b>                  | <p>As at the LPD, the Non-Entitled Shareholder has not received any irrevocable undertaking from any Entitled Shareholders to vote in favour of the Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.</p>   |
| <b>Financial resources for the Proposed SCR</b> | <p>The Proposed SCR will be funded by the existing cash balance and internally generated funds of LCTH Group.</p> <p>Fu Yu confirms and RHB Investment Bank is satisfied that LCTH has sufficient financial resources to undertake the Proposed SCR and that the Proposed SCR will not fail by reason of insufficient financial capability of LCTH, and that the Entitled Shareholders would be paid in full by cash.</p>  |

#### 4. EVALUATION OF THE PROPOSED SCR

In arriving at our opinion and recommendation in respect of the Proposed SCR, we have assessed the fairness and reasonableness of the Proposed SCR in accordance with Paragraphs 1 to 7 under Schedule 2: Part III of the Rules whereby:-

- (i) The term "fair and reasonable" should generally be analysed as 2 distinct criteria, i.e. whether the Proposed SCR is "fair" and whether the Proposed SCR is "reasonable", rather than as a composite term;
- (ii) The Proposed SCR is considered as "fair" if the SCR Cash Amount is equal to or higher than the market price and is also equal to or higher than the value of the LCTH Shares. However, if the SCR Cash Amount is equal to or higher than the market price but is lower than the value of the LCTH Shares, the Proposed SCR is considered as "not fair". In making the assessment, the value of the LCTH Shares is determined based on the assumption that 100% of the issued share capital of LCTH is being acquired;
- (iii) In considering whether the Proposed SCR is "reasonable", we have taken into consideration matters other than the valuation of the LCTH Shares;
- (iv) Generally, the Proposed SCR would be considered "reasonable" if it is "fair". Nevertheless, an independent adviser may also recommend for Entitled Shareholders to vote in favour of the special resolution in relation to the Proposed SCR despite it being "not fair", if the independent adviser is of the view that there are sufficiently strong reasons to vote in favour of the said resolution in the absence of a higher bid and such reasons should be clearly explained; and

- (v) In the event the independent adviser concludes that the Proposed SCR is “not fair but reasonable”, the independent adviser must clearly explain the following:-
- (a) What is meant by “not fair but reasonable”;
  - (b) How has the independent adviser reached to this conclusion; and
  - (c) The course of action that the Entitled Shareholders are recommended to take pursuant to the conclusion.

We have considered the following pertinent factors in our evaluation of the Proposed SCR:-

| Fairness of the Proposed SCR                       | Section 5   |
|--|-------------|
| • Valuation of the LCTH Shares                     | Section 5   |
| Reasonableness of the Proposed SCR                 | Section 6   |
| • Historical share price performance               | Section 6.1 |
| • Historical liquidity analysis of the LCTH Shares | Section 6.2 |
| • No other competing take-over offer               | Section 6.3 |

## 5. FAIRNESS OF THE PROPOSED SCR

### Valuation of the LCTH Shares

In arriving at the value of the LCTH Shares, we have adopted the SOPV model as the sole valuation method, in which the value of the LCTH Shares will be the aggregate of the following:-

- (i) DCF valuation on the FCFE projected to be generated from the Group’s sole core business of manufacturing and sub-assembly of precision plastic parts and components and fabrication of precision moulds and dyes (“**Precision Parts Business**”). The Group operates principally in Malaysia and divides its operations into local and export markets. The local market relates to sales to customers within Malaysia (1% of total revenue)<sup>(1)</sup>. The export market relates to sales to contract manufacturers with Licensed Manufacturing Warehouse in Malaysia where such goods are subsequently exported (80% of total revenue)<sup>(1)</sup> as well as direct exports to customers in Singapore (7% of total revenue)<sup>(1)</sup>, the United States of America (5% of total revenue)<sup>(1)</sup> and other regions (7% of total revenue)<sup>(1)</sup>; and
- (ii) unutilised cash and bank balances of the Group which are considered in excess of the Group’s working capital requirements in generating income and/or cash flows for the Precision Parts Business (“**Surplus Cash**”).

Note:-

(1) Based on the audited consolidated financial statements of LCTH for the FYE 31 December 2016.

We view the SOPV model to be the most appropriate method to estimate the value of the LCTH Shares for the following reasons:-

#### **(A) DCF valuation on the Precision Parts Business**

The LCTH Group is principally involved in the manufacturing and sub-assembly of precision plastic parts and components and fabrication of precision moulds and dyes. The LCTH Group has generated positive cash flows from its operating activities for 11 out of the past 13 financial years since the listing of LCTH on Bursa Securities in 2004 up to the FYE 31 December 2016. In view thereof, the stream of future cash flows to be derived from the Precision Parts Business is expected to be predictable.



Coupled with the cash-centric revenue model of the plastic operations, we view that the DCF valuation model is the most appropriate method to estimate the value of the Precision Parts Business. The DCF valuation model considers both the time value of money and the future cash flows to be generated by Precision Parts Business over a specified period of time. As the methodology entails the discounting of the future cash flows to be generated from Precision Parts Business at a specified discount rate to arrive at its value, the riskiness of generating such cash flows will also be taken into consideration.

Under the DCF valuation method, the FCFE projected to be generated from Precision Parts Business is discounted at the cost of equity of LCTH to derive the present value of all future cash flows from Precision Parts Business attributable to the shareholders of LCTH.

We have reviewed the future financial information of Precision Parts Business until the FYE 31 December 2022 ("**Future Financials**"), which was prepared by the Management of LCTH based on estimate on a best-effort basis.

We have considered and evaluated the key bases and assumptions adopted in the Future Financials and are satisfied that the key bases and assumptions used in the preparation of the Future Financials are reasonable given the prevailing circumstances and significant factors that are known as at the LPD.

The Future Financials (together with the bases and assumptions adopted therein) have been reviewed and approved by the Board. The key bases and assumptions adopted in the preparation of the Future Financials are as follows:-

- (i) the Precision Parts Business will continue to operate on a going concern basis and is expected to sustain its operations in perpetuity;
- (ii) the Precision Parts Business will continue to be challenging in view of the ongoing uncertainties in the global economic situation and geographical events, including volatility in crude oil prices and foreign exchange rates;
- (iii) in order to improve its financial performance, the Group will need to compete effectively in the precision parts manufacturing industry by adopting competitive pricing strategies and credit terms while at the same time, implementing effective credit control to minimise credit risk;
- (iv) there will not be any further significant or material increase to the existing high operating costs which is expected to have a material adverse effect on the financial results, cash flows or business prospects of the Group;
- (v) the Precision Parts Business' operations will continue to be financed entirely using internally generated funds;
- (vi) there will not be any significant or material changes in the principal activities of the Group;
- (vii) there will not be any significant or material changes to the agreements, licenses and regulations governing the Precision Parts Business;
- (viii) the current accounting policies adopted by the Group will remain relevant and there will not be any significant changes in the accounting policies of the Group which have a material adverse impact on the financial performance and financial position of the Group; and
- (ix) there will not be any significant or material changes in political, social and economic conditions, monetary and fiscal policies, inflation and regulatory requirements of the precision parts manufacturing industry in Malaysia.

In order to derive the value of the Precision Parts Business, we have discounted the FCFE projected to be generated from the said business at the cost of equity of LCTH. Our valuation, together with the key bases and assumptions adopted, are as follows:-

| No.   | Key bases and assumptions                          | Descriptions   |
|-------|--|--|
| (i)   | FCFE   | FCFE is the free cash flows from operations available to the equity holders of a company after taking into consideration all operating expenses, movement in working capital, net investing cash flows and net financing cash flows.<br><br>We have reviewed the key bases and assumptions adopted in the Future Financials prepared by the management of LCTH in deriving the FCFE and are satisfied that they are reasonable given the prevailing circumstances and significant factors that are known as at the LPD.  |
| (ii)  | Cost of equity ("K <sub>e</sub> ")                 | Cost of equity represents the rate of return required by an investor on the cash flow streams generated by the Group given the risks associated with the cash flows. In deriving the cost of equity of LCTH, we have adopted the Capital Asset Pricing Model and derived an estimated cost of equity of approximately 9.77% with the following inputs:-<br><br>$K_e = R_f + \beta (R_m - R_f)$   |
| (iii) | Risk-free rate of return ("R <sub>f</sub> ")       | Risk-free rate of return represents the expected rate of return from a risk-free investment. The closest available approximation of the risk-free rate of return is the yield of 10-year Malaysian Government Securities.<br><br>As extracted from Bloomberg, the said yield is 3.94% per annum as at the LTD.   |
| (iv)  | Expected market rate of return ("R <sub>m</sub> ") | Expected market rate of return represents the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.<br><br>In our opinion, the expected rate of return for FTSE Bursa Malaysia Top 100 Index is a good indicator of the equity market return in Malaysia. Given the volatility of the stock market and market cycles, we view that a 10-year historical expected rate of return of the said index is an appropriate estimate of the expected market rate of return as it normalises the year-on-year fluctuations of the stock market and mitigates market bias. Based on the information sourced from Bloomberg, we have derived an average expected market rate of return in Malaysia of 10.71% per annum for the past 10 years. As a cross-check, the expected market rate of return as derived from Bloomberg is 8.73% as at the LTD. |

| No.  | Key bases and assumptions    | Descriptions   |
|------|------------------------------|--|
| (v)  | Beta ("β")                   | <p>Beta is the sensitivity of an asset's returns to the changes in market returns. It measures the correlation of systematic risk between the said asset and the market. A beta of more than 1 signifies that the asset is riskier than the market and <i>vice versa</i>.</p> <p>As LCTH has been listed on Bursa Securities since 8 November 2004, its beta is obtainable and represents a reliable measure for the riskiness of the LCTH Shares. As extracted from Bloomberg, the adjusted 3-year beta of the Company up to the LTD is 0.861, which we view as reasonable after taking into consideration the range of un-levered betas of other comparable companies listed on Bursa Securities which are principally involved in the manufacturing of moulded plastic products and have market capitalisation as at the LTD ranging between RM50 million and RM300 million. The unlevered adjusted 3-year beta of these comparable companies range between 0.457 and 1.103, with a simple average of 0.749.</p> <p>For information purposes, adjusted beta is an estimate of a security's future beta. The adjusted beta is derived from historical data, but modified by the assumption that a security's beta moves towards the market average over time and is calculated as follows:-</p> <p>Adjusted beta = (0.67 * Historical beta) + (0.33 * 1.0)</p> |
| (vi) | Perpetuity growth rate ("g") | <p>For the period beyond the FYE 31 December 2022, we have adopted perpetuity growth rate of 2.00% on the Group's FCFE, which we view as reasonable after taking into consideration, amongst others, the growth prospects of the LCTH Group and the precision parts manufacturing industry. In this regard, we have considered the declining financial performance of the LCTH Group since 2015 and its contributing factors as set out in Section 4(i), Part A of this Document. As a cross-check, the perpetuity growth rate adopted is also in line with the inflation rate in Malaysia which is projected to range between 2.00% and 3.00% for 2017 (Source: <i>Economic Report 2016/2017, Ministry of Finance Malaysia</i>).</p> <p>Therefrom, we derived the terminal value (in present terms) for the Group's business of RM112.74 million based on the following formula:-</p> $\text{Terminal value (in present terms)} = \frac{\text{FCFE for FYE 31 December 2022} \times (1+g)}{(K_e - g)} \times \frac{1}{(1 + K_e)^5}$   |

| No.   |  | Key bases and assumptions                |  | Descriptions  |
|-------|--|--|--|---|
| (vii) | Statutory corporate income tax rate          | 24%                                      |  | The latest statutory corporate income tax rate applicable to the Group is 24%.  |
|       | <b>Value of the Precision Parts Business</b> | <b>is approximately RM149.72 million</b> |  | <p>The formula used to derive the value of the Precision Parts Business is as follows:-</p> $\text{Value of the Precision Parts Business} = \text{Present value of projected FCFE based on the Future Financials}^{(1)} + \text{Present value of terminal value (based on the formula above)}$ <p>Note:-<br/>(1) Computed based on the following formula:-</p> $\text{Present value of FCFE} = \frac{\text{FCFE}}{(1 + K_e)^n}$ <p>whereby, <i>n</i> represents time, in years into the future.</p> |

#### (B) Surplus Cash

As the Surplus Cash is not utilised or is considered in excess of the Group's working capital requirements in generating income and/or cash flows for the Precision Parts Business, the value of the Surplus Cash is assessed separately.

In deriving the Surplus Cash, we use the unaudited cash and bank balances of the Group as at 30 September 2017 of RM79.49 million (after deducting funds required for current liabilities as estimated by the Management of the Company, fixed deposit pledged to secure bank guarantee for operating lease and the second interim single tier dividend of 0.5 sen per LCTH Share which was paid on 13 December 2017) as set out below:-

|  | Amount (RM million) |
|--|---------------------|
| Total cash and bank balances   | 114.60              |
| (i) Funds required for current liabilities as estimated by the management of the Company | (23.70)             |
| (ii) Fixed deposit pledged to secure bank guarantee for operating lease                  | (9.61)              |
| (iii) Dividends paid in December 2017  | (1.80)              |
| <b>Surplus Cash</b>  | <b>79.49</b>        |

**(C) SOPV for the LCTH Shares**

Based on our computation below, the SOPV for the LCTH Shares of RM229.21 million or an estimated value per LCTH Share of RM0.64:-

|                          | Workings         | Valuation method | Value              |                                    |
|--------------------------|------------------|------------------|--------------------|------------------------------------|
|                          |                  |                  | Total (RM million) | Per LCTH Share <sup>(1)</sup> (RM) |
| Precision Parts Business | A                | DCF              | 149.72             | 0.42                               |
| Surplus Cash             | B                | Carrying amount  | 79.49              | 0.22                               |
| <b>LCTH Group</b>        | <b>C = A + B</b> | <b>SOPV</b>      | <b>229.21</b>      | <b>0.64</b>                        |

Note:-

(1) Computed based on 360,000,000 LCTH Shares as at the LPD.

Comments:-

The SCR Cash Amount of RM0.58 is **lower than** and represents a discount of RM0.06 or 9.38% to the estimated value per LCTH Share derived using the SOPV method of RM0.64.

**Our view on the fairness of the Proposed SCR:-**

Premised on our evaluation above, we are of the view that the Proposed SCR is **NOT FAIR** in view that the SCR Cash Amount of RM0.58 is **lower than** the value per LCTH Share of RM0.64.

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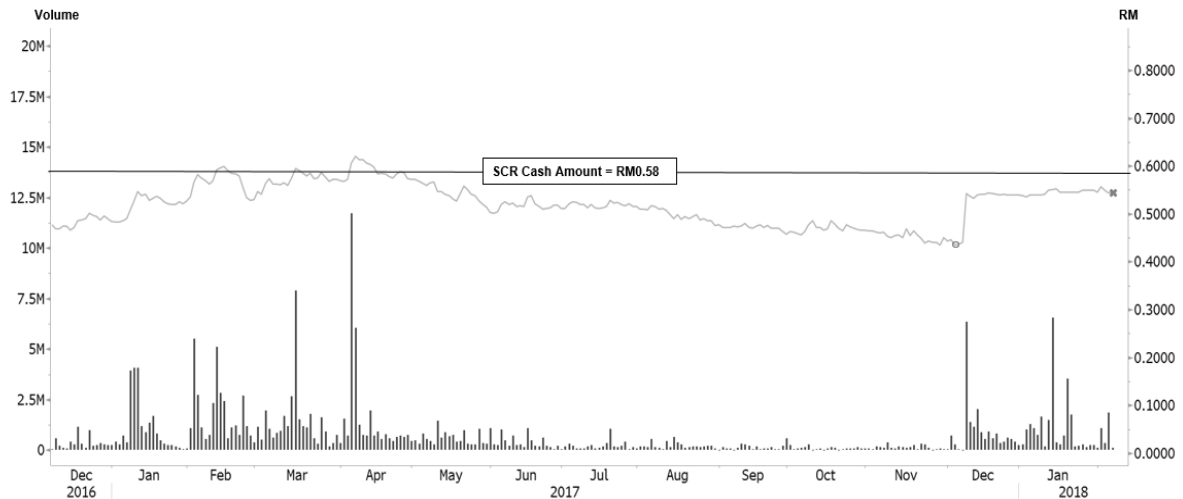
## 6. REASONABLENESS OF THE PROPOSED SCR

### 6.1 Historical share price performance

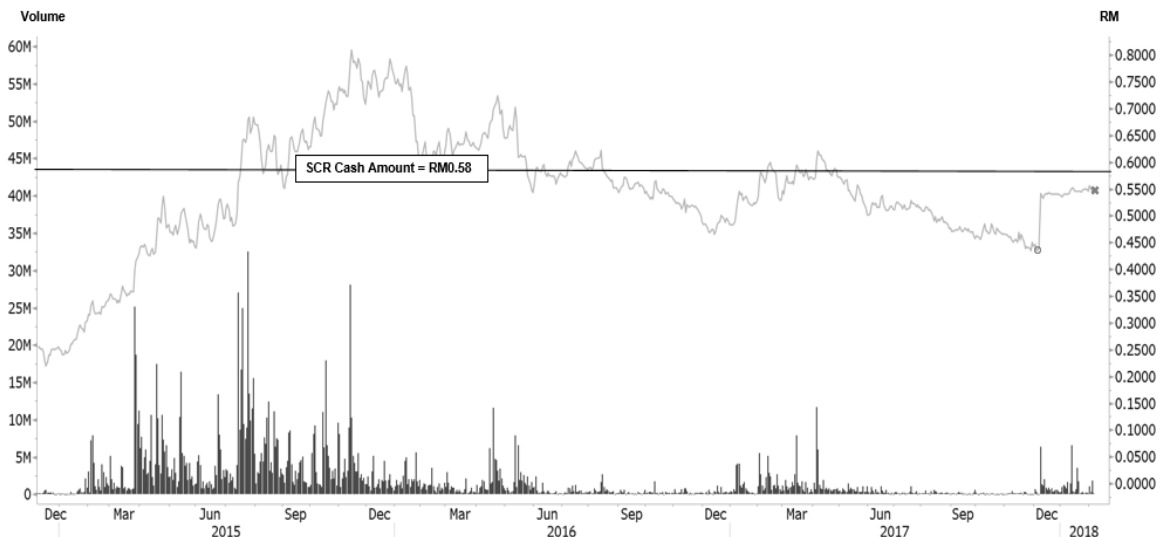
#### 6.1.1 Historical daily VWAPs of the LCTH Shares before the date of the SCR Offer Letter up to the LPD

The graph below sets out the historical daily VWAPs of the LCTH Shares (extracted from Bloomberg which have been adjusted for the effects of any dividends and corporate exercises throughout the period) for the past 1 year and 3 years before the date of the SCR Offer Letter up to the LPD:-

##### 1 year before the date of the SCR Offer Letter up to the LPD



##### 3 years before the date of the SCR Offer Letter up to the LPD



O indicates the daily VWAP as at the LTD = RM0.4364

X indicates the daily VWAP as at the LPD = RM0.5450

(Source: Bloomberg)

Comments:-

Based on the graph above, we noted that the SCR Cash Amount is:-

- (i) **higher** than the daily VWAPs of LCTH Shares for 99% of the Market Days in the past 1 year before the date of the SCR Offer Letter up to the LPD, representing a premium of 8.33% over the VWAP of LCTH Shares for the said period of RM0.5354. Further, we also noted that, over the past 1 year, RM0.5918 (as at 6 April 2017) and RM0.4341 (as at 22 November 2017) respectively are the highest and lowest daily VWAP of the LCTH Shares; and
- (ii) **higher** than the daily VWAPs of LCTH Shares for 85% of the Market Days in the past 3 years before the date of the SCR Offer Letter up to the LPD, representing a premium of 10.18% over the VWAP of LCTH Shares for the said period of RM0.5264. Further, we also noted that, over the past 3 years, RM0.7201 (as at 16 November 2015) and RM0.1935 (as at 16 December 2014) respectively are the highest and lowest daily VWAP of the LCTH Shares.

Further, we also noted that the SCR Cash Amount is **higher** than the daily VWAPs of the LCTH Shares for 95% of the Market Days in the past 10 years before the date of the SCR Offer Letter up to the LPD, representing a premium of 37.64% over the VWAP of LCTH Shares for the said period of RM0.4214.

Save for announcements on dividend payments and release of financial results, there is no significant corporate transaction or event being announced for the past 3 years before the date of the SCR Offer Letter up to the LPD which may have impacted the trading market prices of LCTH Shares during the said period.

The principal activities of the LCTH Group have remained unchanged for the past 12 months before the date of the SCR Offer Letter up to the LPD.

It should be noted that the market prices of the LCTH Shares had been trending upwards and trading closer to the SCR Cash Amount up to the LPD. However, this may not be an indication of future market price performance of the LCTH Shares which may be influenced by, amongst others, the performance and prospects of the LCTH Group, prevailing economic conditions, economic outlook, stock market conditions, market sentiments and other general macroeconomic conditions as well as company-specific factors. There can be no assurance that the market price of the LCTH Shares will continue to trade at the current price levels in the event the Proposed SCR is not successful.

You are advised to closely monitor the market prices of the LCTH Shares and evaluate the SCR Cash Amount before deciding whether to vote in favour of or against the Special Resolution. If you so wish, you may also consider disposing of your LCTH Shares in the open market to realise your investment in the LCTH Shares in the event the market price is higher than the SCR Cash Amount, after taking into consideration the associated transaction costs involved and assuming that there will not be any revision to the SCR Cash Amount.

### 6.1.2 Premium of the SCR Cash Amount over the historical closing market prices / VWAPs of the LCTH Shares

The SCR Cash Amount of RM0.58 per LCTH Share is yielding the following premium to the historical closing market prices / VWAPs of the LCTH Shares:-

|                          | Closing market prices / VWAPs |        | Premium of the SCR Cash Amount over the historical closing market prices / VWAPs of the LCTH Shares |       |
|--------------------------|-------------------------------|--------|---|-------|
|                          | (RM)                          | (RM)   | (RM)  | (%)   |
| <b>Up to the LTD:-</b>   |                               |        |   |       |
| Last traded market price | 0.4400                        | 0.1400 |   | 31.82 |
| 5-day VWAP               | 0.4428                        | 0.1372 |   | 30.98 |
| 1-month VWAP             | 0.4489                        | 0.1311 |   | 29.20 |
| 3-month VWAP             | 0.4604                        | 0.1196 |   | 25.98 |
| 6-month VWAP             | 0.4933                        | 0.0867 |   | 17.58 |
| 1-year VWAP              | 0.5557                        | 0.0243 |   | 4.37  |
| <b>Up to the LPD:-</b>   |                               |        |   |       |
| Last traded market price | 0.5450                        | 0.0350 |   | 6.42  |
| 5-day VWAP               | 0.5485                        | 0.0315 |   | 5.74  |

(Source: Bloomberg)

#### Comments:-

Based on the table above, we noted that the SCR Cash Amount represents:-

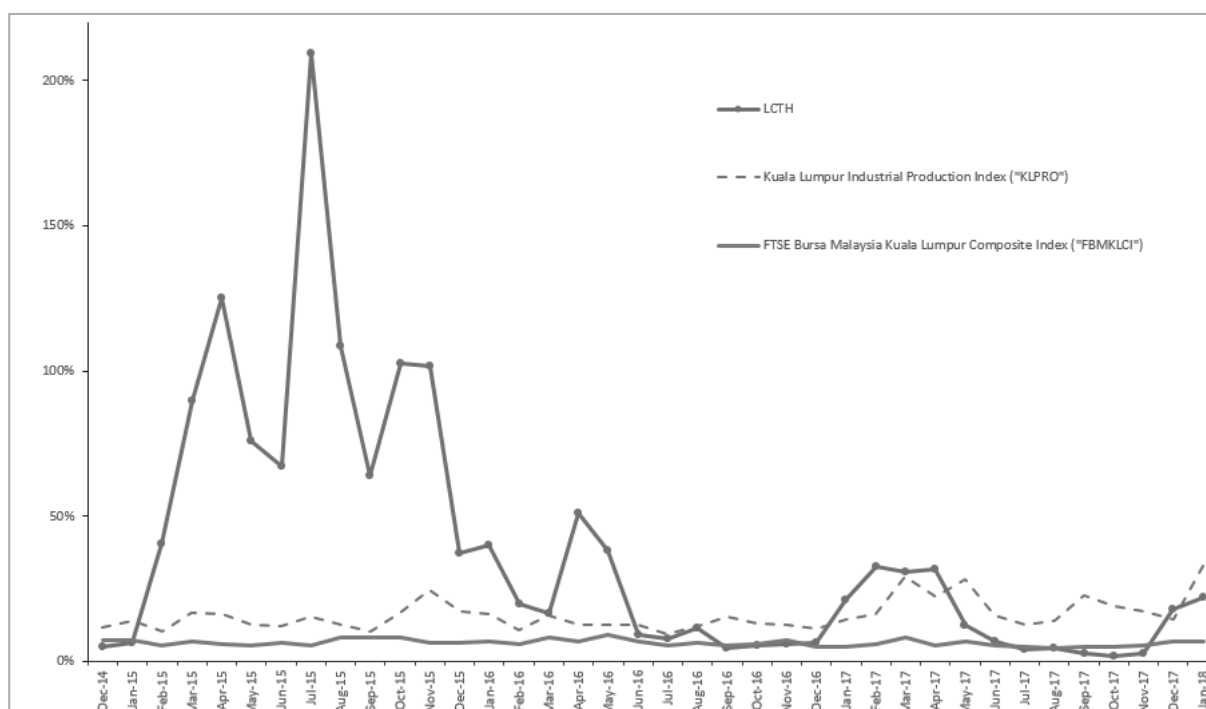
- (i) a premium of 31.82% over the last traded market price of the LCTH Shares on the LTD and a premium of 6.42% over the last traded market price of the LCTH Shares on the LPD;
- (ii) a premium of between 4.37% and 30.98% over the 5-day and up to 1-year VWAPs of the LCTH Shares up to the LTD; and
- (iii) a premium of 5.74% over the 5-day VWAP of the LCTH Shares up to the LPD.

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## 6.2 Historical liquidity analysis of the LCTH Shares

The monthly trading volume-to-free float of the LCTH Shares for the past 3 years up to November 2017 (being the last full trading month prior to the LTD) are shown below:-



(Sources: Bloomberg and announcements on Bursa Securities)

### Notes:-

- (1) Monthly volume traded excludes the LCTH Shares traded in the open market by the directors, substantial shareholders of LCTH and persons connected to them as well as those purchased from the open market and retained as treasury shares by LCTH during the respective months, if any.
- (2) Free float excludes the LCTH Shares held by the directors, substantial shareholders of LCTH and persons connected to them as well as those retained as treasury shares by LCTH as at the end of the respective months, if any.

Save for announcements on dividend payments and release of financial results, there is no significant corporate transaction or event being announced for the past 3 years up to November 2017 (being the last full trading month prior to the LTD) which may have impacted the trading volume of the LCTH Shares.

### Comments:-

From December 2014, the trading volume of LCTH Shares has been increasing until reaching its highest point in July 2015 with a simple average monthly trading volume-to-free float of 209.43%. Since then, excluding the period from January 2017 to May 2017, we noted a long term decreasing trend in the trading volume of LCTH Shares until reaching its lowest point in October 2017, with a monthly trading volume-to-free float of 1.97%.

From January 2017 to May 2017, we noted that the trading volume of LCTH Shares had increased with a simple average monthly trading volume-to-free float of 25.77%, trailing the higher trading volume for the manufacturing sector (as represented by the KLPRO index). However, the higher trading volume was not sustained and had then decreased in the subsequent period of June 2017 to November 2017, with a simple average monthly trading volume-to-free float of 3.88% (lower than that recorded by KLPRO and FBMKLCI for the same period of 16.98% and 5.01% respectively). Hence, the LCTH Shares have become **illiquid**.

Considering the illiquidity of the LCTH Shares, the Entitled Shareholders may not be able to realise their investment in the LCTH Shares (especially if it entails the disposal of a large block of LCTH Shares) in the open market at the SCR Cash Amount in a timely manner.

However, the above evaluation is based on the historical trading volume of the LCTH Shares in the respective periods as well as the free float as at the respective dates and should not be relied upon as an indication of the future trading liquidity of the LCTH Shares. While the trading volume of the LCTH Shares has been trending upwards since the receipt of the SCR Offer Letter by the Board, there can be no assurance that the trading volume of the LCTH Shares will continue to remain at current levels in the event that the Proposed SCR is not successful.

### **6.3 No alternative offer**

Save for the Proposed SCR, the Board has not received any take-over offer for the LCTH Shares or any other offer to acquire the assets and liabilities of the LCTH Group as at the LPD.

As at the LPD, the Non-Entitled Shareholder holds a controlling stake of approximately 71% equity interest in LCTH. As such, unless with prior discussion and/or support from the Non-Entitled Shareholder, any such offer will not be successful.

## **7. FUTURE PLANS FOR LCTH AND ITS EMPLOYEES**

We refer to the future plans for LCTH and its employees as set out in Section 5, Part A of this Document. We noted that as at the LPD, the Non-Entitled Shareholder and Ultimate Offeror:-

- (i) do not have any plan and/or intention to liquidate any companies within LCTH Group and intend to continue with the existing core businesses and operations of LCTH Group. If the need arises, the Non-Entitled Shareholder and Ultimate Offeror shall review the business and operations of LCTH Group in order to remain competitive and in the best interest of LCTH Group;
- (ii) do not have any plan and/or intention to introduce or effect major changes to the existing businesses, dispose of any major assets or undertake any major re-deployment of the fixed assets of LCTH Group upon the Completion except where such change, disposal and/or redeployment is necessary as part of the process to rationalise the business activities and/or direction of LCTH Group or to improve the utilisation of resources; and
- (iii) do not have any plan to dismiss or make redundant any of the existing employees of LCTH Group as a direct consequence of the Proposed SCR. Any changes with regard to staff employment may take place as a result of rationalisation and/or streamlining the business activities and/or to further improve efficiency of the operations of LCTH Group, subject always to decisions made by the Board in the best interest of LCTH Group.

Notwithstanding the above, the Non-Entitled Shareholder and Ultimate Offeror retain the flexibility to consider any options which are in the best interest of LCTH Group that may present themselves.

The Board (save for the Interested Directors) has also taken note that as at the LPD, the Non-Entitled Shareholder and Ultimate Offeror have not entered into any negotiations or arrangements or understanding with any third party with regards to any significant changes in the business, assets or shareholding structure of the LCTH Group.

Further, we also wish to highlight that the Non-Entitled Shareholder and the Ultimate Offeror has indicated that it does not intend to maintain the listing status of LCTH on the Main Market of Bursa Securities. Accordingly, the Non-Entitled Shareholder will request LCTH to make an application to Bursa Securities pursuant to Paragraph 16.08 of the Listing Requirements to de-list LCTH and withdraw its listing status from the Official List of Bursa Securities upon the Completion.

While we noted the intention of the Non-Entitled Shareholder and the Ultimate Offeror to continue with the existing core businesses and operations of the LCTH Group and maintain *status quo* at this juncture, the Non-Entitled Shareholder and the Ultimate Offeror may undertake constructive steps or measures from time to time in the future for the LCTH Group to remain competitive, improve the efficiency of operations and/or optimise the utilisation of resources, in the best interest of the LCTH Group.

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

The interests of directors, major shareholders and/or persons connected to them (together with their course of actions in relation to the Proposed SCR) are set out in Section 9, Part A of this Document.

## 9. DIRECTORS' SHAREHOLDING AND INTENTION TO VOTE

As at the LPD, saved as disclosed below, the directors of LCTH do not have any interest (*direct and indirect*) in the LCTH Shares:-

| Name                                   | Direct                 |                  | Indirect                   |                  |
|--|------------------------|------------------|----------------------------|------------------|
|  | No. of LCTH Shares     | % <sup>(1)</sup> | No. of LCTH Shares         | % <sup>(1)</sup> |
| <b><u>Interested Directors</u></b>     |                        |                  |                            |                  |
| Ching Heng Yang                        | 300,000                | 0.08             | <sup>(2)</sup> 254,295,643 | 70.64            |
| Ho Nee Kit                             | 369,120                | 0.10             | <sup>(2)</sup> 254,295,643 | 70.64            |
| Tam Wai                                | 366,000                | 0.10             | <sup>(2)</sup> 254,295,643 | 70.64            |
| Hew Lien Lee                           | 3,031,524              | 0.84             | -                          | -                |
| <b><u>Non-interested directors</u></b> |                        |                  |                            |                  |
| Datuk Muhammad Feisol Bin Haji Hassan  | <sup>(3)</sup> 186,180 | 0.05             | -                          | -                |
| Ong Seng Pheow                         | 114,000                | 0.03             | -                          | -                |
| Teh Bee Tein                           | -                      | -                | -                          | -                |

**Notes:-**

- (1) Computed based on 360,000,000 LCTH Shares, being the total number of shares in issue as at the LPD.  
(2) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.  
(3) 60,000 shares held through RHB Capital Nominees (Tempatan) Sdn Bhd.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting on the Proposed SCR at the relevant Board meetings and will also abstain from voting in respect of their direct and/or indirect shareholdings in LCTH, on the resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.

After taking into consideration the evaluation and recommendation by Mercury Securities and in line with the recommendation of the Board (save for the Interested Directors) to the Entitled Shareholders to **VOTE IN FAVOUR** of the Special Resolution to be tabled at the forthcoming EGM, Datuk Muhammad Feisol Bin Haji Hassan and Ong Seng Pheow intend to **VOTE IN FAVOUR** of the said resolution in respect of their direct holdings in the LCTH Shares.

#### 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAL. The directors, collectively and individually, accept full responsibility for the accuracy and completeness of the information contained in this IAL and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief:-

- (i) no statement and/or information relating to LCTH in this IAL is incomplete, false and/or misleading;
- (ii) there are no other facts and/or information, the omission of which would render any statement and/or information relating to LCTH herein incomplete, false and/or misleading;
- (iii) all material facts and/or information in relation to the Proposed SCR (*including those required under the Rules*) have been accurately and completely disclosed in this IAL or elsewhere in Part A of this Document; and
- (iv) opinions expressed by the Board in this IAL have been arrived at after due and careful consideration.

The responsibility of the Board in respect of:-

- (i) the information relating to the Non-Entitled Shareholder, Ultimate Offeror, PACs and the Proposed SCR (*as extracted from Part A of this Document and other publicly available information*) is to ensure that such information is accurately reproduced in this IAL; and
- (ii) the independent advice and expression of opinion by Mercury Securities in relation to the Proposed SCR as set out herein is to ensure that accurate information in relation to the LCTH Group was provided to Mercury Securities for its evaluation of the Proposed SCR and to ensure that all information in relation to the LCTH Group that are relevant to Mercury Securities' evaluation of the Proposed SCR have been completely disclosed to Mercury Securities and that there is no material fact, the omission of which would make any information provided to Mercury Securities false or misleading.

#### 11. FURTHER INFORMATION

The Entitled Shareholders are advised to refer to the views and recommendation of the Board (save for the Interested Directors) as set out in Part A of this Document as well as the accompanying appendices and other relevant information in this Document for further details in relation to the Proposed SCR.

## 12. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation, we have considered the fairness and reasonableness of the Proposed SCR based on all relevant and pertinent factors as summarised below which you should carefully consider before voting on the Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM:-

|                       |  |
|-----------------------|--|
| <b>Fairness</b>       | We view the Proposed SCR as <b>NOT FAIR</b> in view that the SCR Cash Amount of RM0.58 is <b>lower than</b> and represents a discount of 9.38% to the estimated value per LCTH Share of RM0.64.  |
| <b>Reasonableness</b> | We view the Proposed SCR as <b>REASONABLE</b> in view of the following:-<br><br>(i) The SCR Cash Amount is:-<br><br>(a) <b>higher</b> than the daily VWAPs of LCTH Shares for 99% of the Market Days in the past 1 year before the date of the SCR Offer Letter up to the LPD, representing a premium of 8.33% over the VWAP of LCTH Shares for the said period of RM0.5354; and<br><br>(b) <b>higher</b> than the daily VWAPs of LCTH Shares for 85% of the Market Days in the past 3 years before the date of the SCR Offer Letter up to the LPD, representing a premium of 10.18% over the VWAP of LCTH Shares for the said period of RM0.5264.<br><br>(ii) The SCR Cash Amount represents a <b>premium</b> of between 4.37% and 31.82% over the 1-year VWAP up to the last traded market price of the LCTH Shares on the LTD;<br><br>(iii) The LCTH Shares are <b>illiquid</b> , with a simple average monthly trading volume-to-free float for the past 6 months up to November 2017 (being the last full trading month prior to the LTD) of 3.88%; and<br><br>(iv) As at the LPD, LCTH has not received any alternative offer for the LCTH Shares or any other offer to acquire its assets and liabilities. In view that the Non-Entitled Shareholder currently holds a controlling stake of more than 70% equity interest in LCTH, any such offer will not be successful unless with the support of the Non-Entitled Shareholder. |

### Recommendation

Premised on the above, Mercury Securities is of the view that the Proposed SCR is **NOT FAIR** but **REASONABLE**.

Accordingly, we recommend that the Entitled Shareholders **VOTE IN FAVOUR** of the Special Resolution pertaining to the Proposed SCR to be tabled at the forthcoming EGM.

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The advice of Mercury Securities as contained in this IAL is addressed to the Entitled Shareholders at large and not to any particular Entitled Shareholder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives, financial situation, risk profile and particular needs of any individual Entitled Shareholder or any specific group of Entitled Shareholders. We recommend that any Entitled Shareholder who may require advice in the context of his/her investment objectives, financial situation, risk profile and particular needs should consult his/her respective stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Yours faithfully,  
for and on behalf of  
**MERCURY SECURITIES SDN BHD**

**CHEW SING GUAN**  
Managing Director

**DENIS LIM**  
Director / Head of Corporate Finance

## FURTHER INFORMATION

### 1. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES

#### 1.1 By LCTH

(i) **Disclosure of interests in the Non-Entitled Shareholder**

LCTH does not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Non-Entitled Shareholder as at the LPD.

(ii) **Disclosure of interests in the Ultimate Offeror**

LCTH does not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Ultimate Offeror as at the LPD.

(iii) **Dealing in the securities of the Non-Entitled Shareholder**

LCTH has not dealt, directly or indirectly, in any voting shares or convertible securities of the Non-Entitled Shareholder during the period commencing 6 months before the date of the SCR Offer Letter and ending on the LPD.

(iv) **Dealing in the securities of the Ultimate Offeror**

LCTH has not dealt, directly or indirectly, in any voting shares or convertible securities of the Ultimate Offeror during the period commencing 6 months before the date of the SCR Offer Letter and ending on the LPD.

(v) **Dealing in the securities of LCTH**

LCTH has not dealt, directly or indirectly, in any voting shares or convertible securities of LCTH during the period commencing 6 months before the date of the SCR Offer Letter and ending on the LPD.

#### 1.2 By the directors of LCTH

(i) **Disclosure of interests in the Non-Entitled Shareholder**

Save as disclosed below, the directors of LCTH do not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Non-Entitled Shareholder as at the LPD:-

| Name            | Direct                         |                  | Indirect                       |                  |
|-----------------|--------------------------------|------------------|--------------------------------|------------------|
|                 | No. of Fu Yu Investment Shares | % <sup>(1)</sup> | No. of Fu Yu Investment Shares | % <sup>(1)</sup> |
| Ching Heng Yang | -                              | -                | <sup>(2)</sup> 100,000         | 100.00           |
| Ho Nee Kit      | -                              | -                | <sup>(2)</sup> 100,000         | 100.00           |
| Tam Wai         | -                              | -                | <sup>(2)</sup> 100,000         | 100.00           |

Notes:-

(1) Computed based on 100,000 Fu Yu Investment Shares, being the total number of shares in issue as at the LPD.

(2) Deemed interested by virtue of direct shareholding in Fu Yu. Fu Yu Investment is a wholly-owned subsidiary of Fu Yu.

**FURTHER INFORMATION (CONT'D)**
**(ii) Dealing in the securities of the Non-Entitled Shareholder**

The directors of LCTH have not dealt, directly or indirectly, in any voting shares or convertible securities of the Non-Entitled Shareholder during the period commencing 6 months before the date of the SCR Offer Letter and ending on the LPD.

**(iii) Disclosure of interests in the Ultimate Offeror**

Saved as disclosed below, the directors of LCTH do not have any interest, whether direct or indirect, in any voting shares or convertible securities of the Ultimate Offeror as at the LPD:-

| Name            | Direct              |                  | Indirect               |                  |
|-----------------|---------------------|------------------|------------------------|------------------|
|                 | No. of Fu Yu Shares | % <sup>(1)</sup> | No. of Fu Yu Shares    | % <sup>(1)</sup> |
| Ching Heng Yang | 88,965,475          | 11.81            | -                      | -                |
| Ho Nee Kit      | 96,999,225          | 12.88            | -                      | -                |
| Tam Wai         | 96,715,475          | 12.84            | <sup>(2)</sup> 300,000 | 0.04             |
| Hew Lien Lee    | 8,100,000           | 1.08             | -                      | -                |

**Notes:-**

(1) Computed based on 752,994,775 LCTH Shares, being the total number of shares in issue as at the LPD.

(2) Deemed interested by virtue of the shareholding of his spouse.

**(iv) Dealing in the securities of the Ultimate Offeror**

The directors of LCTH have not dealt, directly or indirectly, in any voting shares or convertible securities of the Ultimate Offeror during the period commencing 6 months before the date of the SCR Offer Letter and ending on the LPD.

**(v) Disclosure of interests in LCTH**

Below are the disclosure of interests of the directors of LCTH whether direct or indirect, in any voting shares or convertible securities of LCTH as at the LPD:-

| Name                                  | Direct                 |                  | Indirect                   |                  |
|---------------------------------------|------------------------|------------------|----------------------------|------------------|
|                                       | No. of LCTH Shares     | % <sup>(1)</sup> | No. of LCTH Shares         | % <sup>(1)</sup> |
| Ching Heng Yang                       | 300,000                | 0.08             | <sup>(2)</sup> 254,295,643 | 70.64            |
| Ho Nee Kit                            | 369,120                | 0.10             | <sup>(2)</sup> 254,295,643 | 70.64            |
| Tam Wai                               | 366,000                | 0.10             | <sup>(2)</sup> 254,295,643 | 70.64            |
| Hew Lien Lee                          | 3,031,524              | 0.84             | -                          | -                |
| Datuk Muhammad Feisol Bin Haji Hassan | <sup>(3)</sup> 186,180 | 0.05             | -                          | -                |
| Ong Seng Pheow                        | 114,000                | 0.03             | -                          | -                |
| Teh Bee Tein                          | -                      | -                | -                          | -                |



**FURTHER INFORMATION (CONT'D)****Notes:-**

- (1) Computed based on 360,000,000 LCTH Shares, being the total number of shares in issue as at the LPD.  
 (2) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.  
 (3) 60,000 shares held through RHB Capital Nominees (Tempatan) Sdn Bhd.

**(vi) Dealing in the securities of LCTH**

The directors of LCTH have not dealt, directly or indirectly, in any voting shares or convertible securities of LCTH during the period commencing 6 months before the date of the SCR Offer Letter and ending on the LPD.

**1.3 By the persons with whom LCTH or any persons acting in concert with it has any arrangement**

As at the LPD, there is no person with whom LCTH or any persons acting in concert with it has entered into any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing.

**1.4 By the persons with whom LCTH or any persons acting in concert with it has borrowed or lent**

As at the LPD, there is no person with whom LCTH or any persons acting in concert with it has borrowed or lent any voting shares or convertible securities of LCTH.

**1.5 By Mercury Securities and funds whose investments are managed by Mercury Securities on a discretionary basis ("Discretionary Funds")****(i) Disclosure of interests in LCTH**

Mercury Securities and its Discretionary Funds do not have any interest, whether direct or indirect, in any voting shares or convertible securities of LCTH as at the LPD.

**(ii) Dealing in the securities of LCTH**

Save as disclosed below, Mercury Securities and its Discretionary Funds have not dealt, directly or indirectly, in LCTH Shares during the period commencing 6 months before the date of the SCR Offer Letter and ending on the LPD:-

| Name               | Date of transaction | Nature of transaction | No. of LCTH Shares | Average transacted price (RM) |
|--------------------|---------------------|-----------------------|--------------------|-------------------------------|
| Mercury Securities | 12.09.2017          | Acquisition           | 29,000             | 0.4800                        |
|                    | 14.09.2017          | Disposal              | 29,000             | 0.4700                        |
|                    | 8.12.2017           | Acquisition           | 50,000             | 0.5450                        |
|                    |                     | Disposal              | 50,000             | 0.5400                        |
|                    |                     | Acquisition           | 60,000             | 0.5550                        |
|                    |                     | Disposal              | 60,000             | 0.5575                        |
|                    | 11.12.2017          | Acquisition           | 101,200            | 0.5350                        |
|                    |                     | Disposal              | 101,200            | 0.5350                        |

**FURTHER INFORMATION (CONT'D)**

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**2. SERVICE CONTRACTS**

As at the LPD, the LCTH Group does not have any service contracts with any directors or proposed directors, which have been entered into or amended within 6 months before the commencement of the Proposed SCR or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAL.

## SCR OFFER LETTER



7 December 2017

The Board of Directors  
LCTH CORPORATION BERHAD  
802, 8<sup>th</sup> Floor, Block C  
Kelana Square  
17, Jalan SS 7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan

Dear Sir / Madam,

**PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF LCTH CORPORATION BERHAD ("LCTH" OR THE "COMPANY") PURSUANT TO SECTION 116 OF THE COMPANIES ACT, 2016 ("ACT") ("PROPOSED SCR")**

**1. INTRODUCTION**

We, Fu Yu Corporation Limited ("Fu Yu"), the holding company of Fu Yu Investment Pte Ltd ("Fu Yu Investment"), are writing to request LCTH to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Act.

As at 6 December 2017, the latest practicable date ("LPD"), Fu Yu (through Fu Yu Investment), and persons acting in concert with Fu Yu Investment (as set out in the table below) ("PAC") collectively hold 258,662,287 ordinary shares of LCTH ("LCTH Shares"), representing approximately 71.84% of the share capital of LCTH.

The shareholdings of Fu Yu Investment and the PAC in LCTH as at the LPD are as follows:

|                   | Direct                |       |
|-------------------|-----------------------|-------|
|                   | Number of LCTH Shares | %     |
| Fu Yu Investment  | 254,295,643           | 70.64 |
| <b><u>PAC</u></b> |                       |       |
| Tam Wai           | 366,000               | 0.10  |

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**Fu Yu Corporation Limited**

8 Tuas Drive 1 Singapore 638675 Tel : (65) 6578 7338 Fax : (65) 6578 7330  
(Registration No. 198004601C)

Website : <http://www.fuyucorp.com>

|  | Direct                |              |
|--|-----------------------|--------------|
|  | Number of LCTH Shares | %            |
| Ho Nee Kit   | 369,120               | 0.10         |
| Ching Heng Yang  | 300,000               | 0.08         |
| Hew Lien Lee   | 3,031,524             | 0.84         |
| Tan Yew Beng   | 300,000               | 0.08         |
| <b>Total shareholdings of PAC</b>                      | <b>4,366,644</b>      | <b>1.20</b>  |
| <b>Total shareholdings of Fu Yu Investment and PAC</b> | <b>258,662,287</b>    | <b>71.84</b> |

Upon successful completion of the Proposed SCR ("**Completion**"), Fu Yu Investment will hold 100% of the equity interest of LCTH. The details of the Proposed SCR are set out in the ensuing sections of this letter.

## 2. DETAILS OF THE PROPOSED SCR

2.1 The Proposed SCR involves LCTH undertaking a selective capital reduction and a corresponding capital repayment pursuant to Section 116 of the Act in respect of the LCTH Shares held by all the shareholders of LCTH (other than Fu Yu Investment but including the PAC), whose names appear in the Record of Depositors of LCTH as at the close of business on an entitlement date to be determined and announced later ("**Entitlement Date**") by the Board of Directors ("**Board**") of LCTH ("**Entitled Shareholders**").

For the avoidance of doubt, assuming that the Proposed SCR is approved and will be implemented, the PAC will be considered Entitled Shareholders.

2.2 As at the LPD, LCTH has a share capital of RM169,911,236 comprising 360,000,000 LCTH Shares, of which the Entitled Shareholders hold 105,704,357 LCTH Shares, representing approximately 29.36% of the share capital of LCTH.

- 2.3 Pursuant to the Proposed SCR, the Entitled Shareholders will receive a total capital repayment of RM61.31 million, which represents a cash repayment of RM0.58 (“SCR Cash Amount”) for each LCTH share held by the Entitled Shareholders on the Entitlement Date. For the avoidance of doubt, Fu Yu Investment will not be entitled to the repayment of capital pursuant to the Proposed SCR.
- 2.4 Upon Completion, all 105,704,357 LCTH Shares held by the Entitled Shareholders will be cancelled.
- 2.5 Fu Yu Investment will hold the remaining 254,295,643 LCTH Shares which are not cancelled pursuant to the Proposed SCR and accordingly, Fu Yu Investment will own the entire issued share capital of LCTH upon Completion.
- 2.6 The Proposed SCR will be funded via the existing cash balance and internally generated funds of LCTH and its subsidiaries (“LCTH Group”). Fu Yu has confirmed that the Proposed SCR will not fail by reason of insufficient financial capability of the LCTH Group.
- 2.7 The SCR Cash Amount was arrived at after taking into consideration, amongst others, the following:
- (a) the following closing price and volume weighted average market price (“VWAP”) of LCTH Shares up to and including the LPD (being the last full trading day prior to the service of this letter):

|   | Market price | Premium over market price/VWAP |          |
|---|--------------|--------------------------------|----------|
|   | <u>RM</u>    | <u>RM</u>                      | <u>%</u> |
| Closing share price as at the LPD         | 0.4400       | 0.1400                         | 31.82%   |
| 5-day VWAP up to and including the LPD    | 0.4428       | 0.1372                         | 30.98%   |
| 1-month VWAP up to and including the LPD  | 0.4489       | 0.1311                         | 29.20%   |
| 3-months VWAP up to and including the LPD | 0.4604       | 0.1196                         | 25.98%   |
| 6-months VWAP up to and including the LPD | 0.4933       | 0.0867                         | 17.58%   |

|   | Market price | Premium over market price/VWAP |          |
|---|--------------|--------------------------------|----------|
|   | <u>RM</u>    | <u>RM</u>                      | <u>%</u> |
| 1-year VWAP up to and including the LPD | 0.5557       | 0.0243                         | 4.37%    |

(b) net assets (“NA”) per LCTH Share and price-to-book ratio (“PBR”)

|  | NA per LCTH Share              | PBR based on market price        | PBR based on SCR Cash Amount |
|--|--------------------------------|----------------------------------|------------------------------|
| Unaudited consolidated NA per LCTH Share as at 30 September 2017 | <u>RM0.5768 <sup>(1)</sup></u> | <u>0.76 times <sup>(2)</sup></u> | <u>1.01 times</u>            |

Notes:

(1) Rounded to the nearest 4 decimal places.

(2) Based on LCTH’s closing share price of RM0.4400 on the LPD.

(c) earnings per LCTH Share (“EPS”) and price-to earnings ratio (“PER”)

|  | EPS                           | PER based on market price         | PER based on SCR Cash Amount |
|--|-------------------------------|-----------------------------------|------------------------------|
| Audited consolidated net EPS for the financial year ended 31 December 2016 | <u>RM0.040 <sup>(1)</sup></u> | <u>11.00 times <sup>(2)</sup></u> | <u>14.50 times</u>           |
| Unaudited consolidated net EPS for last 12 months to 30 September 2017     | <u>RM0.034 <sup>(1)</sup></u> | <u>12.94 times <sup>(2)</sup></u> | <u>17.06 times</u>           |

Notes:

(1) Rounded to the nearest 3 decimal places.

(2) Based on LCTH’s closing share price of RM0.4400 on the LPD.

- 2.8 We do not intend to maintain the listing status of LCTH on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). We will request LCTH to make an application to Bursa Securities to delist LCTH and withdraw its listing status from the official list of Bursa Securities upon Completion.

### 3. RATIONALE

In view of the ongoing uncertainties in the global economic situation and geographical events, including volatility in crude oil prices and foreign exchange rates, the LCTH Group is operating in a challenging environment. The intense competitive landscape as well as increased operating costs have resulted in declining financial performance.

The Proposed SCR offers the Entitled Shareholders an opportunity to realise their investments in LCTH at a premium to the prevailing market price of LCTH Shares.

The trading liquidity of LCTH Shares has also been low, with an average daily trading volume of approximately 1,933,859 LCTH Shares for the past 3 years up to 6 December 2017. The average daily trading volume had decreased further to 665,855 LCTH Shares for the past 1 year, representing 0.66% of the free float of LCTH as at 6 December 2017.

In addition, the listing status of LCTH brings minimal benefit to the Company and its shareholders. The Company has not undertaken any fund raising activities since the initial public offering of LCTH in the year 2004. Further, the Company is bearing additional costs for the listing status to comply with the regulatory requirements as a listed company on Bursa Securities.

In view of the above, the privatisation of LCTH by way of the Proposed SCR also provides greater flexibility to LCTH in managing and developing the existing businesses of LCTH while exploring opportunities without the attendant cost, regulatory restrictions and compliance issues associated with its listed status on Bursa Securities.

#### 4. INTERESTS OF DIRECTORS, SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

All of the directors of Fu Yu have deliberated on and approved the Proposed SCR.

Save as disclosed below, to the best knowledge of Fu Yu Investment and us, there are no other directors of LCTH, shareholders of LCTH and/or persons connected with them who have any interest, direct or indirect, in the Proposed SCR:

- (a) Tam Wai, being an Executive Director of LCTH and also an Executive Director of Fu Yu. He is a PAC by virtue of him being a major shareholder of LCTH through his direct interest in LCTH and deemed interest in LCTH through Fu Yu Investment (as he is also a shareholder of Fu Yu);
- (b) Ho Nee Kit, being the Vice Chairman/an Executive Director of LCTH and an Executive Director of Fu Yu. He is a PAC by virtue of him being a major shareholder of LCTH through his direct interest in LCTH and deemed interest in LCTH through Fu Yu Investment (as he is also a shareholder of Fu Yu);
- (c) Ching Heng Yang, being an Executive Director of LCTH and also an Executive Director of Fu Yu. He is a PAC by virtue of him being a major shareholder of LCTH through his direct interest in LCTH and deemed interest in LCTH through Fu Yu Investment (as he is also a shareholder of Fu Yu); and
- (d) Hew Lien Lee, being the Managing Director of LCTH and also an Executive Director of Fu Yu. He is a PAC by virtue of him being a shareholder of LCTH through his direct interest in LCTH and deemed interest in LCTH through Fu Yu Investment (as he is also a shareholder of Fu Yu),

(collectively, the “Common Directors”).

“major shareholder” as referred to above shall have the meaning as defined in the Main Market Listing Requirements of Bursa Securities.

The Common Directors will abstain from all deliberations and voting on the Proposed SCR at the relevant Board meetings of LCTH.

Tan Yew Beng, being a shareholder of LCTH through his direct interest in LCTH, is a PAC by virtue of him being an Independent Non-Executive Director of Fu Yu. He is deemed interested in the Proposed SCR.

Fu Yu Investment holds 254,295,643 LCTH Shares, representing approximately 70.64% of the share capital of LCTH and is deemed interested in the Proposed SCR. Fu Yu is deemed interested in the Proposed SCR by virtue of its direct shareholding in Fu Yu Investment.



Fu Yu, Fu Yu Investment and the PAC will abstain, and they will ensure that persons connected to them shall abstain, from voting on the Special Resolution in respect of their direct and/or indirect shareholdings in LCTH.

In addition, we also hereby confirm that as at the LPD:-

- (i) we have not received any irrevocable undertaking from any Entitled Shareholder to vote in favour of the Special Resolution; and
- (ii) we are not aware of any existing or proposed agreement, arrangement or understanding in relation to the LCTH Shares between us and any of the Entitled Shareholders.

## 5. DISTRIBUTION

If LCTH declares, makes and/or pays any dividend or undertakes a distribution of any other nature whatsoever (collectively, "**Distribution**") during the period commencing from the date of this letter up to the Completion, the SCR Cash Amount shall be reduced by an amount equivalent to the net Distribution made per LCTH Share.

## 6. CONDITIONS PRECEDENT

Completion shall be subject to the fulfillment of all requisite conditions precedent including, but not limited to the following:

- (a) the notification by the Securities Commission Malaysia that it has no further comments to the circular to the shareholders of LCTH, the explanatory statement from Fu Yu Investment and the independent advice letter to the shareholders of LCTH pursuant to the Proposed SCR (collectively, the "**SCR Documents**") and clearance by Bursa Securities on the SCR Documents (if required);
- (b) the approval of the Entitled Shareholders of LCTH for the Proposed SCR via a special resolution to be tabled at the forthcoming EGM for the Proposed SCR ("**Special Resolution**"):
  - (i) the Special Resolution is required to be approved by at least a majority in number of the Entitled Shareholders and 75% in value of the votes attached to the LCTH Shares held by the Entitled Shareholders that are cast either in person or by proxy at the EGM; and

- (ii) the value of the votes cast against the Special Resolution at the EGM must not be more than 10% of the votes attached to the LCTH Shares held by the Entitled Shareholders (but excluding the LCTH Shares held by the PAC).
- (c) the grant of an order of the High Court of Malaya (“Order”) confirming the reduction of the issued share capital of LCTH pursuant to Section 116 of the Act;
- (d) the approval and/or consent of the existing financiers and/or creditors of LCTH, where required; and
- (e) the approval or consent of any other relevant governmental or regulatory authority or parties, where required.

The Proposed SCR will become effective upon filing of an office copy of the Order with the Registrar of Companies, Malaysia pursuant to Section 116 of the Act (“Lodgement”). It is contemplated that the payment of the SCR Cash Amount to the Entitled Shareholders will be made as soon as practicable following the Lodgement.

## **7. GOVERNING LAW AND DISPUTE RESOLUTION**

The Proposed SCR and any agreement constituted by the acceptance of this letter shall be governed by the laws of Malaysia and each party will submit to the non-exclusive jurisdiction of the courts of Malaysia.

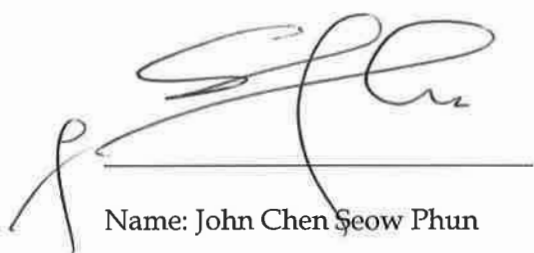
**8. ACCEPTANCE PERIOD**

If the Board is agreeable to take steps to implement the Proposed SCR and to recommend the Proposed SCR to the shareholders of LCTH upon the terms envisaged in this letter, please execute the enclosed duplicate of this letter, and return the same to us as to be received by us no later than 5.00 p.m. on 5 January 2018 (or such other date as may be extended by us in writing) after which the proposal in this letter shall lapse.

Yours Faithfully,

For and on behalf of

**FU YU CORPORATION LIMITED**

A handwritten signature in black ink, appearing to read 'John Chen Seow Phun', is written over a horizontal line. The signature is stylized and cursive.

Name: John Chen Seow Phun

Designation: Non-Executive Chairman, Independent Director

**Acknowledged and agreed**

For and on behalf of

**LCTH CORPORATION BERHAD**

\_\_\_\_\_  
Name:

Designation:

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**INFORMATION ON FU YU**


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**1. HISTORY AND PRINCIPAL ACTIVITIES**

Fu Yu was incorporated in Singapore on 10 December 1980 as a private company limited by shares under the name of Fu Yu Manufacturing Factory Pte Ltd. On 10 October 1994, Fu Yu changed its name to Fu Yu Manufacturing Pte Ltd. On 30 December 1994, Fu Yu was converted to a public company and changed its name to Fu Yu Manufacturing Limited. On 15 April 2004, Fu Yu changed its name to Fu Yu Corporation Limited.

The principal activity of Fu Yu is manufacturing and sub-assembly of precision plastic parts and components, fabrication of precision moulds and dyes and investment holding.

**2. SHARE CAPITAL**

The share capital of Fu Yu as at the LPD is as follows:

|                 | <u>No. of Fu Yu<br/>shares</u> | <u>Amount<br/>SGD</u> |
|-----------------|--------------------------------|-----------------------|
| Ordinary shares | 752,994,775                    | 102,157,996           |

**3. SUBSTANTIAL SHAREHOLDERS**

The substantial shareholders of Fu Yu and their respective shareholdings in Fu Yu as at the LPD are as follows:

| <u>Name</u>     | <u>Direct</u>                  |          | <u>Indirect</u>                |          |
|-----------------|--------------------------------|----------|--------------------------------|----------|
|                 | <u>No. of Fu Yu<br/>shares</u> | <u>%</u> | <u>No. of Fu Yu<br/>shares</u> | <u>%</u> |
| Ching Heng Yang | 88,965,475                     | 11.81    | -                              | -        |
| Ho Nee Kit      | 96,999,225                     | 12.88    | -                              | -        |
| Tam Wai         | 96,715,475                     | 12.84    | <sup>(1)</sup> 300,000         | 0.04     |

*Note:*

(1) *Deemed interested by virtue of the shareholding of his spouse.*

**4. DIRECTORS**

The directors of Fu Yu and their respective shareholdings in Fu Yu as at the LPD are as follows:

| <u>Name</u>     | <u>Direct</u>                  |          | <u>Indirect</u>                |          |
|-----------------|--------------------------------|----------|--------------------------------|----------|
|                 | <u>No. of Fu Yu<br/>shares</u> | <u>%</u> | <u>No. of Fu Yu<br/>shares</u> | <u>%</u> |
| Ching Heng Yang | 88,965,475                     | 11.81    | -                              | -        |
| Ho Nee Kit      | 96,999,225                     | 12.88    | -                              | -        |
| Tam Wai         | 96,715,475                     | 12.84    | <sup>(1)</sup> 300,000         | 0.04     |

| <b>Name</b>          | <b>Direct</b>              |          | <b>Indirect</b>            |          |
|----------------------|----------------------------|----------|----------------------------|----------|
|                      | <b>No. of Fu Yu shares</b> | <b>%</b> | <b>No. of Fu Yu shares</b> | <b>%</b> |
| Chen Seow Phun, John | 1,000,000                  | 0.13     | -                          | -        |
| Hew Lien Lee         | 8,100,000                  | 1.08     | -                          | -        |
| Tan Yew Beng         | 2,562,500                  | 0.34     | -                          | -        |
| Foo Say Tun          | -                          | -        | -                          | -        |

*Note:*

(1) *Deemed interested by virtue of the shareholding of his spouse.*

## 5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The subsidiaries of Fu Yu as at the LPD are as follows:

| <b>Name of Company</b>                           | <b>Date/<br/>Country of<br/>Incorporation</b>          | <b>Principal Activities</b>  | <b>Effective<br/>Equity<br/>Interest<br/>%</b> |
|--|--|--|--|
| Fu Yu Investment                                 | 18 August<br>1993/<br>Singapore                        | Investment holding company   | 100  |
| Fu Yu Electronics<br>(Dongguan) Co., Ltd.        | 1 March 2005/<br>People's<br>Republic of<br>China      | Under members' voluntary<br>liquidation  | 100  |
| Fu Yu Moulding & Tooling<br>(Dongguan) Co. Ltd.  | 21 August 1995/<br>People's<br>Republic of<br>China    | Manufacture and sub-<br>assembly of precision plastic<br>parts and components,<br>fabrication of precision mould<br>and dyes                           | 100  |
| Fu Yu Moulding & Tooling<br>(Suzhou) Co., Ltd.   | 3 December<br>1999/ People's<br>Republic of<br>China   | Manufacture and sub-<br>assembly, fabrication plastic<br>parts, components and<br>fabrication of precision moulds<br>and dyes                          | 100  |
| Fu Yu Moulding & Tooling<br>(Wujiang) Co., Ltd.  | 17 March 2004/<br>People's<br>Republic of<br>China     | Under members' voluntary<br>liquidation  | 100  |
| Fu Yu Moulding & Tooling<br>(Zhuhai) Co., Ltd.   | 30 September<br>2003/ People's<br>Republic of<br>China | Manufacture and sub-<br>assembly of precision plastic<br>parts and components  | 100  |
| Fu Yu Moulding & Tooling<br>(Shanghai) Co., Ltd. | 22 May 1996/<br>People's<br>Republic of<br>China       | Manufacture and sub-<br>assembly of precision plastic,<br>components and fabrication of<br>precision moulds and dyes;<br>trading and advisory services | 100  |

| <b>Name of Company</b>  | <b>Date/<br/>Country of<br/>Incorporation</b> | <b>Principal Activities</b>  | <b>Effective<br/>Equity<br/>Interest<br/>%</b> |
|---|---|--|--|
| Fu Yu International Enterprise Limited  | 8 January 2003/ Hong Kong                     | Provision of management services to fellow subsidiaries in IT services, fabrication of tools, injection moulding of plastic parts, secondary process and assembly, finance and accounting, and human resource management | 100  |
| Fu Yu Trading Limited   | 1 August 1997/ Hong Kong                      | General trading  | 100  |
| Fu Yu Moulding & Tooling (Chongqing) Co., Ltd. (held through Fu Yu Moulding & Tooling (Shanghai) Co., Ltd.) | 6 December 2012/ People's Republic of China   | Manufacturing, processing, sales of plastic injection parts and fabrication of tools   | 100  |
| LCTH (held through Fu Yu Investment)  | 10 November 2003/ Malaysia                    | Investment holding and provision of management services to its subsidiaries.   | 70.64  |
| Fu Hao Manufacturing (M) Sdn. Bhd. (held through LCTH)  | 28 May 1993/ Malaysia                         | Manufacturing and sub-assembly of precision plastic parts and components   | 70.64  |
| Classic Advantage Sdn. Bhd. (held through LCTH)   | 9 June 1993/ Malaysia                         | Manufacturing and sub-assembly of precision plastic parts and components, and fabrication of precision moulds and dyes   | 70.64  |

As at the LPD, Fu Yu does not have any associated company.

The joint venture of Fu Yu as at the LPD is as follows:

| <b>Name of Company</b>                                | <b>Date/<br/>Country of<br/>Incorporation</b> | <b>Principal Activities</b>   | <b>Effective<br/>Equity Interest<br/>%</b> |
|---|---|---|--|
| Berry Plastics Malaysia Sdn. Bhd. (held through LCTH) | 8 May 2006 / Malaysia                         | Manufacturing and assembling of precision plastic moulded products for electrical, electronics, healthcare, food and petroleum industries | 28.26                                      |

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## 6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of Fu Yu based on its audited consolidated financial statements for the past 3 FYE 31 December 2014 to 31 December 2016 and its latest unaudited consolidated financial statements for the 9-month FPE 30 September 2017 are as follows:

|                                       | Audited FYE 31 December |                 |                 | Unaudited 9-month<br>FPE     |
|---------------------------------------|-------------------------|-----------------|-----------------|------------------------------|
|                                       | 2014<br>SGD'000         | 2015<br>SGD'000 | 2016<br>SGD'000 | 30 September 2017<br>SGD'000 |
| Revenue                               | 254,434                 | 222,465         | 198,561         | 142,250                      |
| PBT                                   | 13,417                  | 18,437          | 14,911          | 5,085                        |
| Taxation                              | (2,179)                 | (1,755)         | (3,049)         | (2,414)                      |
| PAT attributable to                   |                         |                 |                 |                              |
| - Owners of Fu Yu                     | 9,951                   | 14,070          | 10,539          | 2,066                        |
| - Non-controlling interests           | 1,287                   | 2,612           | 1,323           | 605                          |
| No. of Fu Yu shares in issue ('000)   | 752,995                 | 752,995         | 752,995         | 752,995                      |
| Basic earnings per Fu Yu share (cent) | 1.32                    | 1.87            | 1.40            | 0.27                         |
| Dividend per Fu Yu share (cent)       | -                       | 1.50            | 1.50            | 0.50                         |

There are no material exceptional items in the audited consolidated financial statements for the past 3 FYE 31 December 2014 to 31 December 2016 and its latest unaudited consolidated financial statements for the 9-month FPE 30 September 2017.

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## 7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of Fu Yu based on its audited consolidated financial statements as at 31 December 2015 and 31 December 2016, and its latest unaudited consolidated financial statements as at 30 September 2017 are as follows:

|                                     | Audited as at 31 December |                       | Unaudited as at 30<br>September 2017 |
|-------------------------------------|---------------------------|-----------------------|--------------------------------------|
|                                     | 2015<br>SGD'000           | 2016<br>SGD'000       |                                      |
| <b>ASSETS</b>                       |                           |                       |                                      |
| <b>Non-Current Assets</b>           |                           |                       |                                      |
| Property, plant & equipment         | 52,399                    | 47,703                | 45,058                               |
| Investment in associated companies  | 2,484                     | 2,162                 | 1,731                                |
| Other investments                   | 8,585                     | 8,215                 | 8,050                                |
| Deferred tax assets                 | 2,464                     | 2,100                 | 1,754                                |
|                                     | <u>65,932</u>             | <u>60,180</u>         | <u>56,593</u>                        |
| <b>Current Assets</b>               |                           |                       |                                      |
| Inventories                         | 15,017                    | 15,968                | 16,228                               |
| Other receivables and deposits      | 61,291                    | 57,008                | 60,615                               |
| Tax recoverable                     | 70                        | 82                    | -                                    |
| Fixed deposits with a licensed bank | 3,637                     | 2,678                 | 3,197                                |
| Cash and bank balances              | 102,940                   | 105,632               | 94,635                               |
|                                     | <u>182,955</u>            | <u>181,368</u>        | <u>174,675</u>                       |
| <b>Total Assets</b>                 | <b><u>248,887</u></b>     | <b><u>241,548</u></b> | <b><u>231,268</u></b>                |
| <b>EQUITY AND LIABILITIES</b>       |                           |                       |                                      |
| <b>Equity</b>                       |                           |                       |                                      |
| Share capital                       | 102,158                   | 102,158               | 102,158                              |
| Retained profit                     | 75,909                    | 71,379                | 61,555                               |
|                                     | <u>178,067</u>            | <u>173,537</u>        | <u>163,713</u>                       |
| Non-controlling interests           | 19,677                    | 19,646                | 19,496                               |
| <b>Total Equity</b>                 | <b><u>197,744</u></b>     | <b><u>193,183</u></b> | <b><u>183,209</u></b>                |
| <b>LIABILITIES</b>                  |                           |                       |                                      |
| <b>Non-Current Liabilities</b>      |                           |                       |                                      |
| Trade and other payables            | 112                       | -                     | -                                    |
| Deferred tax liabilities            | 909                       | 614                   | 1,177                                |
|                                     | <u>1,021</u>              | <u>614</u>            | <u>1,177</u>                         |



|                                     | <b>Audited as at 31 December</b> |                | <b>Unaudited as at 30</b> |
|-------------------------------------|----------------------------------|----------------|---------------------------|
|                                     | <b>2015</b>                      | <b>2016</b>    | <b>September 2017</b>     |
|                                     | <b>SGD'000</b>                   | <b>SGD'000</b> | <b>SGD'000</b>            |
| <b>Current Liabilities</b>          |                                  |                |                           |
| Trade and other payables            | 47,316                           | 45,376         | 44,571                    |
| Tax payable                         | 2,806                            | 2,375          | 2,311                     |
|                                     | <u>50,122</u>                    | <u>47,751</u>  | <u>46,882</u>             |
| <b>Total Liabilities</b>            | <b>51,143</b>                    | <b>48,365</b>  | <b>48,059</b>             |
| <b>Total Equity and Liabilities</b> | <b>248,887</b>                   | <b>241,548</b> | <b>231,268</b>            |

## 8. MATERIAL CHANGES IN FINANCIAL POSITION

As at the LPD, there are no known material changes in the financial position of Fu Yu subsequent to the last audited financial statements other than as disclosed in announcements made by Fu Yu on Singapore Exchange Limited, which include quarterly financial results, from time to time.

## 9. ACCOUNTING POLICIES

The audited financial statements of Fu Yu for FYE 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared based on the Singapore Financial Reporting Standards and there was no audit qualification on Fu Yu's financial statements for the respective years under review.

There is no significant change in the accounting policies which would result in a material variation to the comparable figures for the audited financial statements of Fu Yu for FYE 31 December 2014, 31 December 2015 and 31 December 2016.

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**INFORMATION ON FU YU INVESTMENT**


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**1. HISTORY AND PRINCIPAL ACTIVITIES**

Fu Yu Investment was incorporated in Singapore on 18 August 1993 as a private company limited by shares under the name Fu Yu Investment Pte Ltd.

The principal activity of Fu Yu Investment is investment holding.

**2. SHARE CAPITAL**

The share capital of Fu Yu Investment as at the LPD is as follows:

|                 | <b>No. of Fu Yu<br/>Investment<br/>shares</b> | <b>Amount<br/>SGD</b> |
|-----------------|---|-----------------------|
| Ordinary shares | 100,000                                       | 100,000               |

**3. SUBSTANTIAL SHAREHOLDERS**

The substantial shareholders of Fu Yu Investment and their respective shareholdings in Fu Yu Investment as at the LPD are as follows:

| <b>Name</b>     | <b>Direct</b>                                 |          | <b>Indirect</b>                               |          |
|-----------------|---|----------|---|----------|
|                 | <b>No. of Fu Yu<br/>Investment<br/>shares</b> | <b>%</b> | <b>No. of Fu Yu<br/>Investment<br/>shares</b> | <b>%</b> |
| Fu Yu           | 100,000                                       | 100.00   | -   | -        |
| Tam Wai         | -   | -        | <sup>(1)</sup> 100,000                        | 100.00   |
| Ho Nee Kit      | -   | -        | <sup>(1)</sup> 100,000                        | 100.00   |
| Ching Heng Yang | -   | -        | <sup>(1)</sup> 100,000                        | 100.00   |

*Note:*

(1) *Deemed interested by virtue of direct shareholding in Fu Yu. Fu Yu Investment is a wholly-owned subsidiary of Fu Yu.*

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#### 4. DIRECTORS

The directors of Fu Yu Investment and their respective shareholdings in Fu Yu Investment as at the LPD are as follows:

| Name            | Direct                         |   | Indirect                       |        |
|-----------------|--------------------------------|---|--------------------------------|--------|
|                 | No. of Fu Yu Investment shares | % | No. of Fu Yu Investment shares | %      |
| Tam Wai         | -                              | - | <sup>(1)</sup> 100,000         | 100.00 |
| Ho Nee Kit      | -                              | - | <sup>(1)</sup> 100,000         | 100.00 |
| Ching Heng Yang | -                              | - | <sup>(1)</sup> 100,000         | 100.00 |

Note:

(1) Deemed interested by virtue of direct shareholding in Fu Yu. Fu Yu Investment is a wholly-owned subsidiary of Fu Yu.

#### 5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The subsidiaries of Fu Yu Investment as at the LPD are as follows:

| Name of Company  | Date/<br>Country of<br>Incorporation | Principal Activities   | Effective Equity<br>Interest<br>(%) |
|--|--------------------------------------|--|-------------------------------------|
| LCTH   | 10 November<br>2003 / Malaysia       | Investment holding and provision of management services to its subsidiaries  | 70.64                               |
| Classic Advantage Sdn. Bhd. (held through LCTH)        | 9 June 1993/<br>Malaysia             | Manufacturing and sub-assembly of precision plastic parts and components, and fabrication of precision moulds and dyes | 70.64                               |
| Fu Hao Manufacturing (M) Sdn. Bhd. (held through LCTH) | 28 May 1993/<br>Malaysia             | Manufacturing and sub-assembly of precision plastic parts and components   | 70.64                               |

As at the LPD, Fu Yu Investment does not have any associated company.

The joint venture of Fu Yu Investment as at the LPD is as follows:

| Name of Company                                       | Date/<br>Country of<br>Incorporation | Principal Activities  | Effective Equity<br>Interest<br>(%) |
|---|--------------------------------------|---|-------------------------------------|
| Berry Plastics Malaysia Sdn. Bhd. (held through LCTH) | 8 May 2006 /<br>Malaysia             | Manufacturing and assembling of precision plastic moulded products for electrical, electronics, healthcare, food and petroleum industries | 28.26                               |

## 6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of Fu Yu Investment based on its audited financial statements for the past 3 FYE 31 December 2014 to 31 December 2016 are as follows:

|   | Audited FYE 31 December |                 |                 |
|---|-------------------------|-----------------|-----------------|
|   | 2014<br>SGD'000         | 2015<br>SGD'000 | 2016<br>SGD'000 |
| Other Income  | 2                       | 1,074           | 3,470           |
| PBT/ (Loss before taxation)                             | (9)                     | (2,563)         | 3,347           |
| Taxation  | -                       | -               | -               |
| PAT/ (Loss after taxation)                              | (9)                     | (2,563)         | 3,347           |
| No. of Fu Yu Investment shares in issue ('000)          | 100                     | 100             | 100             |
| Basic earnings/ (loss) per Fu Yu Investment share (SGD) | (0.09)                  | (25.63)         | 33.47           |
| Dividend per Fu Yu Investment share (SGD)               | -                       | -               | 34.55           |

There are no exceptional items in the audited financial statements of Fu Yu Investment for the past 3 FYE 31 December 2014 to 31 December 2016.

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## 7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of Fu Yu Investment based on its audited financial statements as at 31 December 2015 and 31 December 2016 are as follows:

|                                     | Audited as at 31 December |           |
|-------------------------------------|---------------------------|-----------|
|                                     | 2015                      | 2016      |
|                                     | SGD'000                   | SGD'000   |
| <b>ASSETS</b>                       |                           |           |
| <b>Current Assets</b>               |                           |           |
| Cash and bank balances              | 181                       | 75        |
| <b>Total Assets</b>                 | <b>181</b>                | <b>75</b> |
| <b>EQUITY AND LIABILITIES</b>       |                           |           |
| <b>Equity</b>                       |                           |           |
| Share capital                       | 100                       | 100       |
| Capital reserve                     | (681)                     | (681)     |
| Retained profit                     | 744                       | 637       |
| <b>Total Equity</b>                 | <b>163</b>                | <b>56</b> |
| <b>LIABILITIES</b>                  |                           |           |
| <b>Current liabilities</b>          |                           |           |
| Other payables and accruals         | 18                        | 19        |
| <b>Total Liabilities</b>            | <b>18</b>                 | <b>19</b> |
| <b>Total Equity and Liabilities</b> | <b>181</b>                | <b>75</b> |

## 8. MATERIAL CHANGES IN FINANCIAL POSITION

As at the LPD, there are no known material changes in the financial position of Fu Yu Investment subsequent to the last audited financial statements.

## 9. ACCOUNTING POLICIES

The audited financial statements of Fu Yu Investment for FYE 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared based on the Singapore Financial Reporting Standards and there was no audit qualification on Fu Yu Investment's financial statements for the respective years under review.

There is no significant change in the accounting policies which would result in a material variation to the comparable figures for the audited financial statements of Fu Yu Investment for FYE 31 December 2014, 31 December 2015 and 31 December 2016.

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**INFORMATION ON LCTH**


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**1. HISTORY AND PRINCIPAL ACTIVITIES**

LCTH was incorporated in Malaysia on 10 November 2003 under the Companies Act 1965 as a private limited company under the name of Axis Famous Sdn. Bhd. The Company was converted to a public limited company on 11 December 2003 and changed its name to Axis Famous Berhad. On 16 January 2004, the Company changed its name from Axis Famous Berhad to LCTH Corporation Berhad. LCTH was listed on the Main Board of Bursa Securities on 8 November 2004.

LCTH's principal activities are investment holding and provision of management services to its subsidiaries.

The principal activities of its subsidiaries include manufacturing and sub-assembly of precision plastic parts and components and fabrication of precision moulds and dyes.

**2. SHARE CAPITAL****2.1 Share Capital**

The share capital of LCTH as at LPD is as follows:

|                 | <u>No. of LCTH Shares</u> | <u>Amount<br/>RM</u>       |
|-----------------|---------------------------|----------------------------|
| Ordinary shares | 360,000,000               | <sup>(1)</sup> 169,911,236 |

*Note:*

(1) *With the coming into effect of the Act on 31 January 2017, the credit standing in the share premium accounts of RM97,911,235.90 has been transferred to the share capital account. The Company may use the credit amounts being transferred from share premium for the purposes as set out in Section 618(3) of the Act within 24 months after the commencement of the Act.*

**2.2 Changes in the share capital**

Since the end of FYE 31 December 2016 up to the LPD, there is no change in the share capital of LCTH.

**2.3 Convertible securities**

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

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### 3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of LCTH and their respective shareholdings in LCTH as at the LPD are as follows:

| Name                      | Direct             |       | Indirect                   |       |
|---------------------------|--------------------|-------|----------------------------|-------|
|                           | No. of LCTH Shares | %     | No. of LCTH Shares         | %     |
| Fu Yu Investment          | 254,295,643        | 70.64 | -                          | -     |
| Fu Yu Corporation Limited | -                  | -     | <sup>(1)</sup> 254,295,643 | 70.64 |
| Tam Wai                   | 366,000            | 0.10  | <sup>(2)</sup> 254,295,643 | 70.64 |
| Ching Heng Yang           | 300,000            | 0.08  | <sup>(2)</sup> 254,295,643 | 70.64 |
| Ho Nee Kit                | 369,120            | 0.10  | <sup>(2)</sup> 254,295,643 | 70.64 |

Notes:

(1) Deemed interested by virtue of direct shareholding in Fu Yu Investment.

(2) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.

### 4. DIRECTORS

4.1 The Directors of LCTH as at the LPD are as follows:

| Name                                  | Designation                                   | Address  | Nationality |
|---------------------------------------|---|--|-------------|
| Datuk Muhammad Feisol Bin Haji Hassan | Chairman / Independent Non-Executive Director | No. 21, Jalan Teknologi 4, Taman Teknologi Johor, 81400 Senai, Johor | Malaysian   |
| Ho Nee Kit                            | Vice Chairman / Executive Director            | 31 Kingsmead Road Singapore (267982)                                 | Singaporean |
| Hew Lien Lee                          | Managing Director                             | 674 Choa Chu Kang Crescent #04-419 Singapore (680674)                | Malaysian   |
| Ching Heng Yang                       | Executive Director                            | 8A Galistan Avenue Singapore (669681)                                | Singaporean |
| Tam Wai                               | Executive Director                            | 54 West Coast Rise West Coast Gardens Singapore (127496)             | Singaporean |
| Ong Seng Pheow                        | Independent Non-Executive Director            | 16, Jalan 14/54, 46100 Petaling Jaya, Selangor                       | Malaysian   |
| Teh Bee Tein                          | Independent Non-Executive Director            | No. 77, SS19/1G, Subang Jaya 47500, Petaling Jaya, Selangor          | Malaysian   |

4.2 The directors of LCTH and their respective shareholdings in LCTH as at the LPD are as follows:

| Name            | Direct             |      | Indirect                   |       |
|-----------------|--------------------|------|----------------------------|-------|
|                 | No. of LCTH Shares | %    | No. of LCTH Shares         | %     |
| Ching Heng Yang | 300,000            | 0.08 | <sup>(2)</sup> 254,295,643 | 70.64 |
| Ho Nee Kit      | 369,120            | 0.10 | <sup>(2)</sup> 254,295,643 | 70.64 |
| Tam Wai         | 366,000            | 0.10 | <sup>(2)</sup> 254,295,643 | 70.64 |
| Hew Lien Lee    | 3,031,524          | 0.84 | -                          | -     |

| Name                                  | Direct             |      | Indirect           |   |
|---------------------------------------|--------------------|------|--------------------|---|
|                                       | No. of LCTH Shares | %    | No. of LCTH Shares | % |
| Datuk Muhammad Feisol Bin Haji Hassan | (1)186,180         | 0.05 | -                  | - |
| Ong Seng Pheow                        | 114,000            | 0.03 | -                  | - |
| Teh Bee Tein                          | -                  | -    | -                  | - |

Notes:

(1) 60,000 shares held through RHB Capital Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interested by virtue of indirect shareholdings in Fu Yu Investment.

## 5. SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The subsidiaries of LCTH as at the LPD are as follows:

| Name of Company                    | Date/<br>Country of<br>Incorporation | Principal Activities   | Effective Equity<br>Interest<br>(%) |
|------------------------------------|--------------------------------------|--|-------------------------------------|
| Classic Advantage Sdn. Bhd.        | 9 June 1993/<br>Malaysia             | Manufacturing and sub-assembly of precision plastic parts and components, and fabrication of precision moulds and dyes | 100                                 |
| Fu Hao Manufacturing (M) Sdn. Bhd. | 28 May 1993/<br>Malaysia             | Manufacturing and sub-assembly of precision plastic parts and components   | 100                                 |

As at the LPD, LCTH does not have any associated company.

The joint venture of LCTH as at the LPD is as follows:

| Name of Company                   | Date/<br>Country of<br>Incorporation | Principal Activities  | Effective Equity<br>Interest<br>(%) |
|-----------------------------------|--------------------------------------|---|-------------------------------------|
| Berry Plastics Malaysia Sdn. Bhd. | 8 May 2006 /<br>Malaysia             | Manufacturing and assembling of precision plastic moulded products for electrical, electronics, healthcare, food and petroleum industries | 40                                  |

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## 6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of LCTH based on its audited consolidated financial statements for the past 3 FYE 31 December 2014 to 31 December 2016 and its latest unaudited consolidated financial statements for the 9-month FPE 30 September 2017 are as follows:

|                                    | <b>Audited FYE 31 December</b> |                        |                        | <b>Unaudited 9-month<br/>FPE</b>    |
|------------------------------------|--------------------------------|------------------------|------------------------|-------------------------------------|
|                                    | <b>2014<br/>RM'000</b>         | <b>2015<br/>RM'000</b> | <b>2016<br/>RM'000</b> | <b>30 September 2017<br/>RM'000</b> |
| Revenue                            | 126,061                        | 120,118                | 113,581                | 77,786                              |
| PBT                                | 12,331                         | 24,155                 | 17,059                 | 8,653                               |
| Income tax (expense)/benefit       | 579                            | 823                    | (2,579)                | (2,395)                             |
| PAT                                | 12,910                         | 24,978                 | 14,480                 | 6,258                               |
| No. of LCTH Shares in issue ('000) | 360,000                        | 360,000                | 360,000                | 360,000                             |
| Basic EPS (sen)                    | 3.59                           | 6.94                   | 4.02                   | 1.74                                |
| Dividend per LCTH Share (sen)      | -                              | 4.0                    | 2.5                    | 0.5                                 |

There are no material exceptional items in the audited consolidated financial statements for the past 3 FYE 31 December 2014 to 31 December 2016 and its latest unaudited consolidated financial statements for the 9-month FPE 30 September 2017.

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## 7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of LCTH based on its audited consolidated financial statements as at 31 December 2015 and 31 December 2016 and its latest unaudited consolidated financial statements as at 30 September 2017 are as follows:

|                                | <b>Audited as at 31 December</b> |                       | <b>Unaudited as at</b>   |
|--------------------------------|----------------------------------|-----------------------|--------------------------|
|                                | <b>2015</b>                      | <b>2016</b>           | <b>30 September 2017</b> |
|                                | <b>RM'000</b>                    | <b>RM'000</b>         | <b>RM'000</b>            |
| <b>ASSETS</b>                  |                                  |                       |                          |
| <b>Non-Current Assets</b>      |                                  |                       |                          |
| Property, plant & equipment    | 47,135                           | 45,277                | 47,246                   |
| Investment properties          | 26,077                           | 25,480                | 25,070                   |
| Investment in a joint venture  | 7,547                            | 6,707                 | 5,391                    |
| Deferred tax assets            | 5,863                            | 5,369                 | 4,250                    |
|                                | <u>86,622</u>                    | <u>82,833</u>         | <u>81,957</u>            |
| <b>Current Assets</b>          |                                  |                       |                          |
| Inventories                    | 8,074                            | 9,408                 | 11,450                   |
| Trade and other receivables    | 29,170                           | 22,624                | 21,771                   |
| Other current assets           | 1,655                            | 456                   | 2,488                    |
| Tax recoverable                | 213                              | 253                   | -                        |
| Short-term investments         | 11,050                           | 8,305                 | 9,957                    |
| Cash and bank balances         | 101,795                          | 109,070               | 104,638                  |
|                                | <u>151,957</u>                   | <u>150,116</u>        | <u>150,304</u>           |
| <b>Total Assets</b>            | <b><u>238,579</u></b>            | <b><u>232,949</u></b> | <b><u>232,261</u></b>    |
| <b>EQUITY AND LIABILITIES</b>  |                                  |                       |                          |
| <b>Equity</b>                  |                                  |                       |                          |
| Share capital                  | 72,000                           | 72,000                | 169,911                  |
| Share premium                  | 97,911                           | 97,911                | -                        |
| Retained earnings              | 38,609                           | 38,689                | 37,747                   |
| <b>Total Equity</b>            | <b>208,520</b>                   | <b>208,600</b>        | <b>207,658</b>           |
| <b>LIABILITIES</b>             |                                  |                       |                          |
| <b>Non-Current Liabilities</b> |                                  |                       |                          |
| Deferred tax liabilities       | 1,038                            | 1,043                 | 899                      |

|                                     | <b>Audited as at 31 December</b> |                | <b>Unaudited as at</b>   |
|-------------------------------------|----------------------------------|----------------|--------------------------|
|                                     | <b>2015</b>                      | <b>2016</b>    | <b>30 September 2017</b> |
|                                     | <b>RM'000</b>                    | <b>RM'000</b>  | <b>RM'000</b>            |
| <b>Current Liabilities</b>          |                                  |                |                          |
| Trade and other payables            | 27,496                           | 22,764         | 22,885                   |
| Other current liabilities           | 600                              | 110            | 365                      |
| Current tax payable                 | 925                              | 432            | 454                      |
|                                     | <u>29,021</u>                    | <u>23,306</u>  | <u>23,704</u>            |
| <b>Total Liabilities</b>            | <b>30,059</b>                    | <b>24,349</b>  | <b>24,603</b>            |
| <b>Total Equity and Liabilities</b> | <b>238,579</b>                   | <b>232,949</b> | <b>232,261</b>           |

## 8. BORROWINGS AND CONTINGENT LIABILITIES

### 8.1 Borrowings

As at the LPD, the Group does not have any borrowings.

### 8.2 Contingent Liabilities

Save as disclosed below, the Board is not aware of any material contingent liabilities incurred or known to be incurred by the Group which may, upon becoming enforceable, have a material impact on the financial results or position of the Group as at 31 December 2017:

- (i) A guarantee and indemnity granted by the Company to the landlord for the due performance of the obligations of a subsidiary of the Company under a lease agreement entered into by the subsidiary, including payment of the rent and all other sums due thereunder; and
- (ii) Corporate guarantees extended by the Company amounting to RM10.56 million in support of credit facilities granted to its subsidiaries.

## 9. MATERIAL CHANGES IN FINANCIAL POSITION

As at the LPD, there are no known material changes in the financial position of LCTH subsequent to the last audited financial statements laid before LCTH's shareholders at its annual general meeting on 27 April 2017 other than as disclosed in announcements made by LCTH on Bursa Securities, which include quarterly financial results, from time to time.

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## 10. ACCOUNTING POLICIES

The audited financial statements of LCTH for FYE 31 December 2014, 31 December 2015 and 31 December 2016 have been prepared based on approved Malaysian accounting standards and there was no audit qualification on LCTH's financial statements for the respective years under review.

There is no significant change in the accounting policies which would result in a material variation to the comparable figures for the audited financial statements of LCTH for FYE 31 December 2014, 31 December 2015 and 31 December 2016.

## 11. HISTORICAL SHARE PRICES

The closing prices of LCTH Shares as at the last Market Day of each month and the monthly highest and lowest closing price of LCTH Shares as traded on the Main Market of Bursa Securities from June 2017 to November 2017, being the 6 months preceding the service of the SCR Offer Letter are as follows:

|                                 | High<br>RM | Low<br>RM | Closing price as at the last<br>Market Day of the month<br>RM |
|---------------------------------|------------|-----------|---|
| <b>2017</b>                     |            |           |   |
| June                            | 0.540      | 0.500     | 0.510   |
| July                            | 0.530      | 0.510     | 0.515   |
| August                          | 0.520      | 0.475     | 0.475   |
| September                       | 0.485      | 0.460     | 0.460   |
| October                         | 0.495      | 0.460     | 0.465   |
| November                        | 0.470      | 0.435     | 0.440   |
| Last traded price as at the LTD |            |           | 0.440   |
| Last traded price as at the LPD |            |           | 0.540   |

(Source: Bloomberg)

During the 6 months preceding the service of the SCR Offer Letter and up to the LPD:

- 11.1 the highest closing price of the LCTH Shares was RM0.545, which was transacted on 5 January 2018; and
- 11.2 the lowest closing price of the LCTH Shares was RM0.435, which were transacted on, 8 November 2017, 21 November 2017, 28 November 2017 and 5 December 2017.

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**DISCLOSURE OF INTERESTS AND DEALINGS IN LCTH SHARES**


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**1. DISCLOSURE OF INTERESTS IN LCTH SHARES**

There is only 1 class of shares in LCTH, being the ordinary shares.

**1.1 By the Non-Entitled Shareholder**

Save as disclosed below, the Non-Entitled Shareholder does not have any other interest, whether direct or indirect, in LCTH as at the LPD:

|                  | <u>Direct</u>             |          | <u>Indirect</u>           |          |
|------------------|---------------------------|----------|---------------------------|----------|
|                  | <u>No. of LCTH Shares</u> | <u>%</u> | <u>No. of LCTH Shares</u> | <u>%</u> |
| Fu Yu Investment | 254,295,643               | 70.64    | -                         | -        |

**1.2 By the Directors of the Non-Entitled Shareholder**

Save as disclosed below, none of the directors of the Non-Entitled Shareholder has any interest, whether direct or indirect, in LCTH as at the LPD:

|                 | <u>Direct</u>             |          | <u>Indirect</u>            |          |
|-----------------|---------------------------|----------|----------------------------|----------|
|                 | <u>No. of LCTH Shares</u> | <u>%</u> | <u>No. of LCTH Shares</u>  | <u>%</u> |
| Ching Heng Yang | 300,000                   | 0.08     | <sup>(1)</sup> 254,295,643 | 70.64    |
| Ho Nee Kit      | 369,120                   | 0.10     | <sup>(1)</sup> 254,295,643 | 70.64    |
| Tam Wai         | 366,000                   | 0.10     | <sup>(1)</sup> 254,295,643 | 70.64    |

Note:

(1) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.

**1.3 By the Ultimate Offeror**

Save as disclosed below, the Ultimate Offeror does not have any interest, whether direct or indirect, in LCTH as at the LPD:

|       | <u>Direct</u>             |          | <u>Indirect</u>            |          |
|-------|---------------------------|----------|----------------------------|----------|
|       | <u>No. of LCTH Shares</u> | <u>%</u> | <u>No. of LCTH Shares</u>  | <u>%</u> |
| Fu Yu | -                         | -        | <sup>(1)</sup> 254,295,643 | 70.64    |

Note:

(1) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.

#### 1.4 By the Directors of the Ultimate Offeror

Save as disclosed below, none of the directors of the Ultimate Offeror has any interest, whether direct or indirect, in LCTH as at the LPD:

|                 | Direct             |      | Indirect                   |       |
|-----------------|--------------------|------|----------------------------|-------|
|                 | No. of LCTH Shares | %    | No. of LCTH Shares         | %     |
| Ching Heng Yang | 300,000            | 0.08 | <sup>(1)</sup> 254,295,643 | 70.64 |
| Ho Nee Kit      | 369,120            | 0.10 | <sup>(1)</sup> 254,295,643 | 70.64 |
| Tam Wai         | 366,000            | 0.10 | <sup>(1)</sup> 254,295,643 | 70.64 |
| Hew Lien Lee    | 3,031,524          | 0.84 | -                          | -     |
| Tan Yew Beng    | 300,000            | 0.08 | -                          | -     |

Note:

(1) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.

#### 1.5 By the PACs

Save as disclosed below, none of the PACs have any interest, whether direct or indirect, in LCTH as at the LPD:

|                 | Direct             |      | Indirect                   |       |
|-----------------|--------------------|------|----------------------------|-------|
|                 | No. of LCTH Shares | %    | No. of LCTH Shares         | %     |
| Tam Wai         | 366,000            | 0.10 | <sup>(1)</sup> 254,295,643 | 70.64 |
| Ho Nee Kit      | 369,120            | 0.10 | <sup>(1)</sup> 254,295,643 | 70.64 |
| Ching Heng Yang | 300,000            | 0.08 | <sup>(1)</sup> 254,295,643 | 70.64 |
| Hew Lien Lee    | 3,031,524          | 0.84 | -                          | -     |
| Tan Yew Beng    | 300,000            | 0.08 | -                          | -     |

Note:

(1) Deemed interested by virtue of indirect shareholding in Fu Yu Investment.

#### 1.6 By persons who have irrevocably committed to vote in favour of the Proposed SCR

As at the LPD, LCTH is not aware of any irrevocable undertaking received by the Non-Entitled Shareholder from any Entitled Shareholders to vote in favour of the Special Resolution to be tabled at the forthcoming EGM.

#### 1.7 By persons who have any arrangement with the Non-Entitled Shareholder or PACs

As at the LPD, LCTH is not aware of any person with whom the Non-Entitled Shareholder or any PAC has entered into any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to the LCTH Shares which may be an inducement to deal or to refrain from dealing in relation to the Proposed SCR.

### **1.8 Borrowing or lending of LCTH Shares by the Non-Entitled Shareholder and the PACs**

As at the LPD, LCTH is not aware of any LCTH Shares being borrowed by the Non-Entitled Shareholder and the PACs from another person or lent by Non-Entitled Shareholder and the PACs to another person.

## **2. DEALINGS IN LCTH SHARES**

### **2.1 By LCTH and its Directors**

LCTH has not dealt in its own voting shares during the period commencing 6 months prior to 7 December 2017, being the date of the SCR Offer Letter and up to the LPD.

### **2.2 By the Non-Entitled Shareholder and the Directors of the Non-Entitled Shareholder**

The Non-Entitled Shareholder and the directors of the Non-Entitled Shareholder have not dealt in LCTH Shares during the period commencing 6 months prior to 7 December 2017, being the date of the SCR Offer Letter and up to the LPD.

### **2.3 By the Ultimate Offeror and the Directors of the Ultimate Offeror**

The Ultimate Offeror and the directors of the Ultimate Offeror have not dealt in LCTH Shares during the period commencing 6 months prior to 7 December 2017, being the date of the SCR Offer Letter and up to the LPD.

### **2.4 By the PACs**

The PACs have not dealt in LCTH Shares during the period commencing 6 months prior to 7 December 2017, being the date of the SCR Offer Letter and up to the LPD.

## **3. GENERAL DISCLOSURES**

- (i) As at the LPD, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of LCTH as compensation for loss of office or otherwise in connection with the Proposed SCR.
- (ii) As at the LPD, save for this Proposed SCR that involves the Interested Directors, there is no agreement, arrangement or understanding existing between the Non-Entitled Shareholder or the PACs and any of the existing directors or recent directors of LCTH (being such person who was, during the period of 6 months prior to 7 December 2017, being the date of the SCR Offer Letter, a director of LCTH), or any existing shareholders or recent shareholders of LCTH (being such person who was, during the period of 6 months prior to 7 December 2017, being the date of the SCR Offer Letter, a shareholder of LCTH) having any connection with or dependence upon the Proposed SCR.
- (iii) As at the LPD, there is no agreement, arrangement or understanding which is entered into by the Non-Entitled Shareholder whereby any Shares held by the Non-Entitled Shareholder upon the Completion will be transferred to any other person.

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## ADDITIONAL INFORMATION

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### 1. RESPONSIBILITY STATEMENTS

This Document has been seen and approved by the Board, who collectively and individually has taken reasonable care to ensure the facts stated and opinions expressed in this Document, in so far as it relates to LCTH, are fair and accurate.

The Board jointly and severally accepts full responsibility for the accuracy of the information contained in this Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, the facts stated and opinions expressed in the Circular and IAL are fair and accurate after due and careful consideration and that no material facts have been omitted in this Document, the omission of which would make any statement in this Document misleading.

Information on the Ultimate Offeror and the Offeror in the Circular and IAL were provided by their respective management and/or obtained from publicly available sources. Any statement or information in relation to the Ultimate Offeror and the Offeror as disclosed in the Circular and IAL are confirmed by them respectively. The responsibility of the Board is limited to ensuring that such information is accurately reproduced in the Circular and IAL.

RHB Investment Bank acknowledges that, based on all available information, this Document (save for the IAL as set out in **Part B** of this Document) constitutes a full and true disclosure of all material facts concerning the Proposed SCR.

### 2. CONSENTS AND CONFLICT OF INTEREST

#### 2.1 Principal Adviser

RHB Investment Bank, being the Principal Adviser for the Proposed SCR, has given and has not subsequently withdrawn its written consent to the inclusion in this Document of its name and all references thereto in the form and context in which they appear in **Part A** of this Document.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad, and the subsidiaries and associated companies of RHB Bank Berhad ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, amongst others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for LCTH Group, in addition to the role as set out in this Document.

Furthermore, in the ordinary course of business, any member of RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with any member of LCTH Group, hold long or short positions in the securities offered by any member of LCTH Group, make investment recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of LCTH Group.



As at the LPD, save as disclosed below, RHB Investment Bank confirms that it is not aware of any other circumstance which would or is likely to give rise to a possible conflict of interest situation in RHB Investment Bank's capacity as Principal Adviser for the Proposed SCR:

- (i) Ong Seng Pheow, an Independent Non-Executive Director of LCTH, is also a Non-Executive Director of RHB Bank Lao Limited, RHB Indochina Bank Limited and RHB Indochina Securities PLC. Nevertheless, in view of his role as a Non-Executive Director, he is not involved in the day-to-day operations of both LCTH and RHB Banking Group.
- (ii) RHB Banking Group has, in the ordinary course of its banking business, extended banking facilities to a subsidiary of LCTH.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any possible conflict of interest that exists or is likely to exist in relation to its capacity as Principal Adviser to the Company for the Proposed SCR is mitigated by the following:

- (i) The Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, amongst others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations;
- (ii) RHB Investment Bank is a licensed investment bank and its appointment as Principal Adviser for the Proposed SCR is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees received in relation to its appointment as the Principal Adviser for the Proposed SCR;
- (iii) The conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013, CMSA and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees; and
- (iv) The banking facilities were provided on an arm's length basis, and the facility which has been utilised by the subsidiary of LCTH is not material compared with RHB Bank Berhad's audited consolidated gross loans, advances and financing of RM154,469.3 million as at 31 December 2016.

## **2.2 Mercury Securities**

Mercury Securities has given and has not subsequently withdrawn its written consent to the inclusion of its name, IAL and all references to it in the form and context in which it appears in this Document.

Mercury Securities is not aware of any conflict of interest that exists or is likely to exist in its capacity as the Independent Adviser to LCTH for the Proposed SCR.

### 3. MATERIAL CONTRACT

As at the LPD, save as disclosed below, LCTH Group has not entered into any material contract (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of the SCR Offer Letter:

- (i) On 11 August 2017, Classic Advantage Sdn. Bhd., a wholly-owned subsidiary of LCTH, as employer, had issued a Letter of Award to Triple H Construction & Engineering Sdn. Bhd., as contractor, to add and alter on the existing factory consisting a 2 storey factory located at PTD 87645 (PLO 11), Jalan Teknologi 2, Taman Teknologi Johor, Mukim Kulai, Daerah Johor Bahru, Johor Darul Takzim at a total price of RM11,023,000.00 only.

### 4. MATERIAL LITIGATION

As at the LPD, LCTH Group is not engaged in any litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of LCTH Group and the Board is not aware of any proceeding, pending or threatened against LCTH Group, or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of LCTH Group.

### 5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection following from the date of this Document up to and including the date of the EGM at the registered office of the Company at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS7/26, 47301, Petaling Jaya, Selangor Darul Ehsan, during normal business hours (from 8.30 a.m. to 6.00 p.m. except between 12.30 p.m. to 1.30 p.m.) from Mondays to Fridays (except public holidays):

- (i) The Memorandum and Articles of Association of LCTH;
- (ii) Audited consolidated financial statements of LCTH for the past 2 FYE 31 December 2015 and 31 December 2016 and the latest unaudited quarterly results of LCTH for the 9-month FPE 30 September 2017;
- (iii) The SCR Offer Letter;
- (iv) The letters of consent referred to in **Section 2** above; and
- (v) The material contract referred to in **Section 3** above.

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LCTH Corporation Berhad  
(Company No.: 633871-A)  
(Incorporated in Malaysia)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of LCTH Corporation Berhad will be held at Kayangan Suite, Pulau Springs Resort, 20KM Jalan Pontian Lama, 81110 Pulau, Johor, Malaysia on Thursday, 8 March 2018 at 2.00 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following special resolution:

### **SPECIAL RESOLUTION**

#### **PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF LCTH CORPORATION BERHAD (“LCTH” OR “COMPANY”) UNDER SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED SCR”)**

**“THAT**, subject to the relevant approvals being obtained from all relevant authorities and the confirmation of the High Court of Malaya pursuant to Section 116 of the Act, approval be and is hereby given for the Company to undertake and effect the Proposed SCR in the following manner:

- (i) to cancel 105,704,357 ordinary shares in LCTH (“**LCTH Shares**”) held by the shareholders of LCTH (save for Fu Yu Investment Pte Ltd) whose names appear on the Record of Depositors of LCTH as at the close of business on an entitlement date to be determined and announced later (“**Entitlement Date**”) by the board of directors of LCTH (“**Entitled Shareholders**”); and
- (ii) thereafter, to effect a capital repayment of RM0.58 in cash for each LCTH Share held by the Entitled Shareholders on the Entitlement Date which has been cancelled.

**THAT**, pursuant to the aforesaid reduction of share capital and capital repayment, the board of directors of LCTH (“**Board**”) be and are hereby authorised to take all such steps as they may deem necessary in connection with the Proposed SCR including:

- (i) to determine the Entitlement Date;
- (ii) to effect the capital repayment of RM0.58 in cash for each LCTH Share held by Entitled Shareholders on the Entitlement Date;
- (iii) to lodge an application to seek the confirmation from the High Court of Malaya for the reduction of share capital under Section 116 of the Act;
- (iv) to assent to any term(s), condition(s), stipulation(s), modification(s), variation(s) and/or amendment(s) as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as a consequence of any requirement(s) imposed by the relevant authorities, the High Court of Malaya and/or by the Registrar of Companies and/or as may be required to comply with any applicable laws, in relation to the Proposed SCR;
- (v) to lodge a copy of the order of the High Court of Malaya granted pursuant to Section 116 of the Act confirming the reduction of share capital with the Registrar of Companies on such date as the Board may determine; and

- (vii) to do all such acts, deeds and/or things as the Board may consider fit, necessary and/or expedient in the best interest of the Company in order to implement, finalise, complete and to give full effect to the Proposed SCR, including to execute any documents, to enter into any arrangements and/or agreements with any party and to give any undertakings.”

By Order of the Board

**LEONG OI WAH (MAICSA 7023802)**  
**Company Secretary**

Petaling Jaya  
14 February 2018

Notes:

1. *A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.*
2. *A member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the member specifies the proportion of his securities holdings to be represented by each proxy.*
3. *The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or the hand of its attorney.*
4. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 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.*
6. *The instrument appointing a proxy shall be left at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.*
7. *Only depositors whose names appear on the Record of Depositors as at 2 March 2018 shall be regarded as Member of the Company entitled to attend the Extraordinary General Meeting or appoint a proxy to attend and vote on his behalf.*

# PROXY FORM

LCTH CORPORATION BERHAD (633871-A)  
(Incorporated in Malaysia)



I/We, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a member of the abovementioned Company, hereby appoint \_\_\_\_\_  
(IN BLOCK LETTERS)

NRIC No. \_\_\_\_\_ of \_\_\_\_\_  
(FULL ADDRESS)

or failing him \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(IN BLOCK LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Extraordinary General Meeting of the Company to be held at Kayangan Suite, Pulau Springs Resort, 20KM Jalan Pontian Lama, 81110 Pulau, Johor, Malaysia on Thursday, 8 March 2018 at 2.00 p.m. and at any adjournment thereof.

\*My/our proxy is to vote as indicated below with an "X":

| SPECIAL RESOLUTION | For | Against |
|--------------------|-----|---------|
| PROPOSED SCR       |     |         |

*\*strike out whichever not applicable*

Dated this .....day of.....2018

In the event 2 proxies are appointed, the percentage of shareholdings to be represented by each proxy is as follows:

\_\_\_\_\_  
Signature/ Common Seal

No. of Shares Held: \_\_\_\_\_

| Number of Proxies | % |
|-------------------|---|
|                   |   |
|                   |   |

## Notes:

1. A member of the Company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.
2. A member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the member specifies the proportion of his securities holdings to be represented by each proxy.
3. The instrument appointing proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or the hand of its attorney.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in 1 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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7. Only depositors whose names appear on the Record of Depositors as at 2 March 2018 shall be regarded as Member of the Company entitled to attend the Extraordinary General Meeting or appoint a proxy to attend and vote on his behalf.



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AFFIX  
STAMP

**The Share Registrar Of**  
**LCTH Corporation Berhad**  
(633871-A)  
Tricor Investor & Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Wilayah Persekutuan

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