

**THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

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# **LB ALUMINIUM BERHAD**

(Company No. 138535-V)  
(Incorporated in Malaysia)

## **PART A**

### **CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS’ MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

## **PART B**

### **STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

The ordinary resolutions in respect of the above proposals will be tabled as Special Businesses at the forthcoming Annual General Meeting (“AGM”) of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Monday, 30 September 2019 at 10.00 a.m. The Notice of the AGM together with the Form of Proxy are enclosed in the Annual Report of the Company for the financial year ended 30 April 2019.

The Form of Proxy must be completed and deposited at the Company’s Registered Office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on or before the time and date indicated below should you be unable to attend the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging of Form of Proxy : Saturday, 28 September 2019 at 10:00 a.m.  
Date and time of AGM : Monday, 30 September 2019 at 10:00 a.m.

**PART A**

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**THE PROPOSED RENEWAL OF THE EXISTING**

**SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR**

**ITS SUBSIDIARIES**

**TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS**

**OF A REVENUE OR TRADING NATURE**

Unless otherwise indicated, the following definitions apply throughout this Circular:-

<b>“Act”</b>	: The Companies Act, 2016 as amended from time to time
<b>“AGM”</b>	: Annual General Meeting
<b>“A-Rank”</b>	: A-Rank Berhad (Company No. 633621-X)
<b>“Board”</b>	: Board of Directors of LBA
<b>“Bursa Securities”</b>	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
<b>“Circular”</b>	: Circular to Shareholders dated 30 August 2019 in relation to the Proposed RRPT Mandate
<b>“Datuk Leow”</b>	: Datuk Leow Chong Howa
<b>“Director”</b>	: A director as defined in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of LBA, its subsidiary or holding company
<b>“FSHM”</b>	: Formosa Shyen Horng Metal Sdn Bhd (Company No. 434300-K), a wholly-owned subsidiary of A-Rank
<b>“LBAS”</b>	: LB Aluminium (Sarawak) Sdn Bhd (Company No. 811266-T), a wholly-owned subsidiary of LBA
<b>“LBA” or “the Company”</b>	: LB Aluminium Berhad (Company No. 138535-V)
<b>“LBA Group” or “the Group”</b>	: LBA and its subsidiaries, collectively
<b>“Listing Requirements”</b>	: Main Market Listing Requirements of Bursa Securities
<b>“LPD”</b>	: 31 July 2019, being the latest practicable date prior to the issuance of this Circular
<b>“Major Shareholder”</b>	: A person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a person who has an interest or interests in one or more voting shares in LBA, its subsidiary company or holding company and the number or aggregate number of those shares is:-  (a) 10% or more of the total number of voting shares in LBA; or  (b) 5% or more of the total number of voting shares in LBA where such person is the largest shareholder of LBA.  For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act.
<b>“Proposed RRPT Mandate”</b>	: Proposed renewal of the existing shareholders’ mandate for the LBA Group to enter into Recurrent Transactions

- “Person Connected”** : In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories:
- (a) a family member of the Director or Major Shareholder;
  - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;
  - (c) a partner of the Director or Major Shareholder;
  - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
  - (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
  - (f) a body corporate in which the Director or Major Shareholder and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
  - (g) a body corporate which is a related corporation of the Director or Major Shareholder.
- “Recurrent Transaction(s)” or “RRPT(s)”** : Transactions of a revenue or trading nature entered into by the LBA Group which are recurrent, involve the interest, direct or indirect, of a Related Party(ies) and which are necessary for its day-to-day operations
- “Related Parties”** : Directors, Major Shareholders or persons connected with such Directors or Major Shareholders
- “RM” and “sen”** : Ringgit Malaysia and sen respectively, the legal currency in Malaysia
- “Share(s)”** : Ordinary share(s) in LBA
- “Shareholders”** : Shareholders of LBA

All references to “you” in this Circular are referred to LBA’s shareholders.

Words importing the singular shall, where applicable, include the plural and vice versa, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include companies or corporations, unless otherwise specified.

Any enactment referred to in this Circular is a reference to that enactment currently enforced and as may be amended from time to time and any re-enactment thereof.

All references to dates and time in this Circular are references to dates and time in Malaysia, unless otherwise stated.

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# LB ALUMINIUM BERHAD

(Company No. 138535-V)  
(Incorporated in Malaysia)

## Registered Office

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

30 August 2019

## Board of Directors :

Datuk Leow Chong Howa (*Executive Chairman*)  
Mark Wing Kong (*Chief Executive Officer*)  
Yap Chee Woon (*Executive Director*)  
Leow Sok Hoon (*Non-Independent Non-Executive Director*)  
Neoh Lay Keong (*Senior Independent Non-Executive Director*)  
Dato' Dr Mohd Husni Bin Ahmad (*Independent Non-Executive Director*)  
Toh Khiam Huat (*Independent Non-Executive Director*)  
Chew Kat Nyap (*Independent Non-Executive Director*)  
Teh Kok Heng (*Independent Non-Executive Director*)  
Leow Vinken (*Alternate Director to Datuk Leow Chong Howa*)

## To the Shareholders of LBA,

Dear Sir/Madam,

### **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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#### **1. INTRODUCTION**

On 28 September 2018, the Company had at its AGM obtained the mandate from its shareholders for the LBA Group to enter into Recurrent Transactions, which are necessary for the day-to-day operations of the Group. The existing shareholders' mandate shall lapse at the conclusion of the forthcoming AGM unless the renewal of the authority is obtained from the shareholders of the Company at the forthcoming AGM.

On 15 August 2019, the Company announced to Bursa Securities its intention to seek its Shareholders' approval for the Proposed RRPT Mandate.

The purpose of this Circular is to set out the relevant details of the Proposed RRPT Mandate and to seek your approval for the resolution to be tabled at the forthcoming AGM.

Shareholders are advised to read the contents of this Circular carefully before voting on the resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming AGM.

## 2. DETAILS OF THE PROPOSED RRPT MANDATE

Pursuant to Paragraph 10.09 of the Listing Requirements, the Company may seek shareholders' mandate in respect of the Recurrent Transactions subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed in Paragraph 10.09 (1) of the Listing Requirements;
- (c) the Company's circular to shareholders for the shareholders' mandate includes the information set out in Annexure 12-A of Practice Note 12 of the Listing Requirements;
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or Person Connected with the interested Director or Major Shareholder, and where it involves the interest of an interested Person Connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. The interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a Recurrent Transaction entered into by the Company, exceeds the estimated value of the Recurrent Transactions disclosed in this Circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Board herein seeks the approval from the Shareholders for the Proposed RRPT Mandate that will allow the Group, in the normal course of business, to enter into the Recurrent Transactions referred to in Section 2.2 with the Related Parties, provided that such transactions are made at arm's length, on the Group's normal commercial terms and prices not more favourable to the Related Parties than those generally available to the public and which will not be detriment of the minority shareholders of the Company.

### 2.1 Information on LBA Group

The principal activity of LBA is manufacturing, marketing and trading of aluminium extrusions and other metal products. The particulars of its subsidiaries and associate and their respective principal activities as at LPD are as follows:-

<b>Subsidiaries</b>	<b>Effective interest in equity %</b>	<b>Principal activities</b>
ALBE Marketing Sdn Bhd	100	Marketing and trading of aluminium hardware and other fittings
ALBE Metal Sdn Bhd	100	Trading of aluminium sheets and other metal products
LB Aluminium (Sarawak) Sdn Bhd	100	Manufacturing, marketing and trading of aluminium extrusion
LB Aluminium (Singapore) Pte Ltd	100	Retail and trading of aluminium extrusion and accessories
Rank Metal Sdn Bhd	100	Property holding
Omega Pesona Sdn Bhd	100	Property holding
Poly Acres Sdn Bhd	100	Property holding
Façade Performance Lab Sdn Bhd	100	Providing performance tests for windows, doors and facades
Citajaya Kuasa Sdn Bhd	51	Investment holding
Greentech Paramount Sdn Bhd	100	Investment holding

<b>Subsidiary of LB Aluminium (Sarawak) Sdn Bhd</b>		
LB Sarawak Industries Sdn Bhd	100	Property holding
<b>Subsidiary of Citajaya Kuasa Sdn Bhd</b>		
Contras Build Sdn Bhd	40.80	Property development
<b>Subsidiary of Greentech Paramount Sdn Bhd</b>		
Pembinaan Serta Hebat Sdn Bhd	50.06	Property development
<b>Associate</b>	<b>Effective interest in equity %</b>	<b>Principal activities</b>
Vistarena Development Sdn Bhd	20	Property development

## 2.2 Classes of Related Parties and Nature of Transactions

The Proposed RRPT Mandate will apply to the Recurrent Transactions by the LBA Group with the following classes of Related Parties, details of which are as follows:-

Company/ Subsidiaries involved	Transacting Parties	Nature of Recurrent Transactions	Previous Estimated Value <sup>a</sup> RM'000	Actual Value Transacted <sup>a</sup> RM'000	Estimated Value <sup>b</sup> RM'000	Interested Related Party and Nature of Relations
LBA	FSHM	Purchase and tolling services of aluminium billets from FSHM by LBA	150,000	69,917	150,000	1. Datuk Leow, a Director and Major Shareholder of LBA, is a Director and Major Shareholder of A-Rank <sup>(1)</sup> .
LBAS	FSHM	Purchase and tolling services of aluminium billets from FSHM by LBAS	22,000	8,667	22,000	2. Leow Vinzie, the daughter of Datuk Leow, is a Director of A-Rank.

Notes:-

- a* In respect of the preceding circular to shareholders dated 30 August 2018. The actual value pertains to the amounts transacted from the date of the approval of the previous shareholders' mandate granted to the Company at the last AGM held on 28 September 2018 up to the LPD.
- β* It should be noted that the values are estimated, excluding government tax, may vary and are subject to changes. The validity period of the mandate is based on the timeframe from the forthcoming AGM to the next AGM.
- (1) Deemed interested by virtue of his direct and indirect shareholdings (via his spouse, City Data Limited and LBA) in A-Rank pursuant to Section 8 of the Act.

As at LPD, there was no deviation of 10% or more between the actual value transacted for the Recurrent Transactions from 28 September 2018 up to the LPD, and the aggregate estimated value of Recurrent Transactions as disclosed in the circular to shareholders dated 30 August 2018.

For the above Recurrent Transactions, there is no amount owing to/(from) the transacting parties as at 30 April 2019 which exceeds the credit period. Hence, there was no late payment charges imposed on the Related Parties.



### 2.3 Procedures engaged to determine transaction prices

The transaction prices, terms and conditions of the transactions are determined by market forces, under similar commercial terms for transactions with third parties which depend on the demand and supply of the products in the market and with no special treatment accorded to the Related Parties. Transactions entered into will be at prevailing market prices and/or taking into consideration the prevailing market conditions as well as inter-alia, pricing, quality of the products and/or services and the timing of delivery.

The LBA Group has implemented procedures to ensure proper identification and reporting of Recurrent Transactions, and to ensure that the Recurrent Transactions are conducted on arms- length basis, on prices and terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders of the Group. The procedures are as follows:-

- (a) A list of Related Parties has been circulated to the directors and management of the Company and its subsidiaries to notify that all Recurrent Transactions are required to be undertaken at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public. The interested Directors and Major Shareholders are required to declare and disclose to the Board in a timely manner on transactions in which they are deemed interested;
- (b) Records pertaining to the RRPTs will be analysed and monitored by the management. The status of these RRPTs will be reported by management to the Audit Committee on a quarterly basis;
- (c) The management will ensure that transactions are made based on terms that are not more favourable to the Related Parties than those generally available to the public by considering the prevailing market prices, commercial terms of transactions with third parties, business practices, policies and terms which are generally acceptable in the industry norms, quality, quantity, delivery time and track record of past performance;
- (d) The Directors having interest in any RRPT shall abstain from the Board deliberations and shall ensure that the Major Shareholders and Persons Connected with them abstain from voting on the resolution approving the transactions;
- (e) At least two other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by related third parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities;
- (f) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the authorised Directors and senior management who have no interest in the relevant RRPT based on the usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms/considerations to ensure that the RRPT is not detrimental to the Group;
- (g) The internal audit plan shall incorporate a review of all RRPT on an annual basis to ensure that all relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Any divergence will be reported to the Audit Committee;
- (h) The Audit Committee will review all RRPTs to ensure that relevant approvals have been obtained and the review procedures in respect of RRPT are adhered to. There are no thresholds for approval of RRPT as all the transactions approved pursuant to shareholders' mandate obtained in the general meeting for RRPT are monitored, reviewed and approved by authorised Directors and senior management who have no interest in the relevant RRPT;

- (i) The Audit Committee will report its findings to the Board for further action if any during the quarterly review, the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure that the RRPT are carried on normal commercial terms and/or the RRPT are deemed detrimental to the minority shareholders of the Company;
- (j) The Audit Committee/Board shall continue to review the procedures based on the internal audit report taking into consideration the effectiveness and sufficiency of the procedures; and
- (k) Disclosure shall be made in the annual report of the aggregate value of RRPT conducted pursuant to the shareholders' mandate during the financial year.

#### **2.4 Statement by the Audit Committee**

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.3 above and is of the view that:-

- (a) the terms of the procedures established are sufficient to ensure that the Recurrent Transactions:-
  - (i) will be conducted at arm's length basis and on normal commercial terms and transaction prices and such transactions are not more favourable to the Related Parties than those generally available to the public, and
  - (ii) are not to the detriment of the minority shareholders, and
- (b) the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Transactions in a timely and orderly manner, and such procedures and processes are reviewed on a quarterly basis or whenever the need arises.

#### **2.5 Validity Tenure of Proposed RRPT Mandate**

The Proposed RRPT Mandate, if approved by the shareholders of LBA at the forthcoming AGM, will take effect from the date of the passing of the resolution proposed at the AGM and is subject to annual renewal. In this respect, the mandate arising therefrom will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting, whichever is the earlier.

#### **2.6 Disclosures in Annual Report**

Disclosures will be made in the annual report of the Company of the breakdown of the aggregate value of Recurrent Transactions conducted pursuant to the shareholders' mandate during the financial year, based on the following information:-

- (a) the type of Recurrent Transactions made; and
- (b) the names of the Related Parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

### 3. RATIONALE FOR AND BENEFITS OF THE PROPOSED RRPT MANDATE

The Recurrent Transactions entered or to be entered into by the LBA Group with the Related Parties are in the ordinary course of business on normal commercial terms for the Group's day-to-day operations. These are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time.

The Recurrent Transactions are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties. The Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can enjoy synergistic benefits from conducting the Recurrent Transactions.

By obtaining the shareholders' approval for the Proposed RRPT Mandate on an annual basis, the LBA Group can pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to make announcements and/or convene separate general meetings from time to time to seek shareholders' approval, as and when potential Recurrent Transactions arise, thereby reducing the administrative time, effort and expenses associated with the convening of such meetings. This will allow the human resources and time to be channeled towards attaining the corporate objectives and opportunities available to the LBA Group.

### 4. APPROVAL REQUIRED

The Proposed RRPT Mandate is subject to the approval being obtained from the shareholders of the Company at the forthcoming AGM. Save for the approval of the shareholders of the Company, there are no other approvals required for the Proposed RRPT Mandate.

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

The direct and indirect interests of the Directors and/or Major Shareholders and/or persons connected to them who are interested in the Proposed RRPT Mandate in the Company as at LPD are as follows:-

	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
<b>Interested Directors and/or Major Shareholder of LBA</b>				
Datuk Leow	74,973,406	30.17	-	-
Leow Vinken	-	-	-	-
<b>Interested Person Connected with the Directors and/or Major Shareholder of LBA</b>				
Leow Vinzie	-	-	-	-

Datuk Leow is deemed interested in the Proposed RRPT Mandate by virtue of his interests and/or relationships with the Related Parties as disclosed in Section 2.2 above. As his alternate, Leow Vinken, who is also Datuk Leow's son is hence also deemed interested in the Proposed RRPT Mandate. In this respect, they have accordingly abstained and/or will continue to abstain from all Board deliberations and voting in respect of the Proposed RRPT Mandate. Datuk Leow and Leow Vinken, and the interested Person Connected with them, namely Leow Vinzie, will abstain from voting in respect of their direct and indirect shareholdings, if any, in the Company on the resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming AGM.

In addition, the aforesaid interested Directors and/or Major Shareholder have undertaken to ensure that the Persons Connected with them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed RRPT Mandate at the forthcoming AGM, if any.

Save as disclosed above, none of the other Directors, Major Shareholders and/or Persons Connected with them has any interest, direct or indirect, in the Proposed RRPT Mandate.

## **6. DIRECTORS' STATEMENT AND RECOMMENDATION**

The Board (save for the interested Directors, namely Datuk Leow and Leow Vinken, who have abstained and will continue to abstain from Board deliberations and voting in respect of the Proposed RRPT Mandate), having considered the Proposed RRPT Mandate, is of the opinion that the Proposed RRPT Mandate is in the best interest of the Company. Accordingly, the Board (save for the interested Directors, namely Datuk Leow and Leow Vinken) recommends that you vote in favour of the resolution pertaining to the Proposed RRPT Mandate to be tabled at the forthcoming AGM.

## **7. AGM**

The resolution in respect of the Proposed RRPT Mandate will be tabled as Special Business at the forthcoming AGM of the Company to be held at Ujong Pandang Room, Stafffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road), 71700 Mantin, Negeri Sembilan Darul Khusus on Monday, 30 September 2019 at 10.00 a.m. The Notice of AGM together with the Form of Proxy are enclosed in the Annual Report of the Company for the financial year ended 30 April 2019. An extract of the relevant resolution in the Notice of AGM convening the forthcoming AGM of the Company is set out in this Circular.

If you are unable to attend and vote at the AGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein so as to arrive at the Company's registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for the AGM, or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **8. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendices for further information.

Yours faithfully,  
for and on behalf of the Board of Directors of  
**LB ALUMINIUM BERHAD**

**NEOH LAY KEONG**  
Senior Independent Non-Executive Director

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**APPENDIX I - FURTHER INFORMATION**

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**1. RESPONSIBILITY STATEMENT**

The Directors of LBA have seen and approved the contents of this Circular and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, the LBA Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, or any material claims against the Company or its subsidiary companies, or material arbitration proceedings, which have a material effect on the business or financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Company or its subsidiary companies.

**3. MATERIAL CONTRACTS**

Save as disclosed below, neither the Company nor its subsidiaries have as at the LPD, entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Circular :-

- (i) Sale and Purchase Agreement dated 25 April 2018 between Albe Metal Sdn Bhd, a wholly-owned subsidiary of LBA, and Façade Treatment Engineering Sdn Bhd for the acquisition of the property held under Title No. GM 80, Lot 755 in Mukim of Damansara, District of Petaling, Negeri Selangor Darul Ehsan by Albe Metal Sdn. Bhd. from Façade Treatment Engineering Sdn. Bhd. for a total cash consideration of Ringgit Malaysia Twenty Five Million (RM25,000,000) only (excluding 6% Goods and Services Tax).

The above transaction had been completed on 15 August 2018.

- (ii) Greentech Paramount Sdn Bhd, a wholly-owned subsidiary of LBA, had on 16 May 2019 subscribed for 2,005,000 new ordinary shares representing 50.06% of equity interest in Pembinaan Serta Hebat Sdn Bhd for a cash consideration of Ringgit Malaysia Two Million and Five Thousand (RM2,005,000) only.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection by members of the Company at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except Public Holidays) from the date of this Circular up to and including the date of the AGM:-

- (i) the Memorandum and Articles of Association of LBA;
- (ii) the audited consolidated financial statements of LBA for the past two (2) financial years ended 30 April 2018 and 30 April 2019; and
- (iii) Sales and Purchase Agreement dated 25 April 2018 between Albe Metal Sdn Bhd and Façade Treatment Engineering Sdn Bhd.

**APPENDIX II - EXTRACT OF THE RESOLUTION ON THE PROPOSED RRPT MANDATE**

**ORDINARY RESOLUTION**

**(Resolution 12)**

**PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“THAT subject to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries (“Group”) to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.2 of the Circular to Shareholders dated 30 August 2019, provided that such arrangements and/or transactions which are necessary for the Group’s day-to-day operations are undertaken in the ordinary course of business, at arm’s length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the “Proposed RRPT Mandate”).

THAT the Proposed RRPT Mandate shall only continue to be in full force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed RRPT Mandate.”

**PART B**

**STATEMENT TO SHAREHOLDERS  
IN RELATION TO  
THE PROPOSED RENEWAL OF  
AUTHORITY FOR SHARE BUY-BACK**

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## DEFINITIONS

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For the purpose of this Statement, except where the context otherwise requires, the following definitions will apply:-

<b>“Act”</b>	: The Companies Act, 2016 as amended from time to time
<b>“Board”</b>	: The Board of Directors of LBA
<b>“Bursa Securities”</b>	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
<b>“AGM”</b>	: Annual General Meeting
<b>“LBA” or “the Company”</b>	: LB Aluminium Berhad (Company No. 138535-V)
<b>“EPS”</b>	: Earnings Per Share
<b>“Code”</b>	: Malaysian Code on Take-Overs and Mergers, 2016
<b>“LBA Group” or “the Group”</b>	: LBA and its subsidiaries, collectively
<b>“Listing Requirements”</b>	: Main Market Listing Requirements of Bursa Securities including any amendment thereto that may be made from time to time
<b>“LPD”</b>	: 31 July 2019, being the latest practicable date prior to the printing of this Statement
<b>“Market Day”</b>	: A day on which Bursa Securities is open for trading in securities
<b>“NA”</b>	: Net Assets
<b>“Proposed Renewal”</b>	: Proposed renewal of the existing authority granted to LBA to purchase up to a maximum of 10% of the total number of issued shares of the Company
<b>“Share(s)”</b>	: Ordinary Share(s) in LBA
<b>“RM” and “sen”</b>	: Ringgit Malaysia and sen respectively



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# LB ALUMINIUM BERHAD

(Company No. 138535-V)  
(Incorporated in Malaysia)

## Registered Office

Unit 30-01, Level 30 Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

30 August 2019

## Board of Directors

Datuk Leow Chong Howa (*Executive Chairman*)  
Mark Wing Kong (*Chief Executive Officer*)  
Yap Chee Woon (*Executive Director*)  
Leow Sok Hoon (*Non-Independent Non-Executive Director*)  
Neoh Lay Keong (*Senior Independent Non-Executive Director*)  
Dato' Dr Mohd Husni Bin Ahmad (*Independent Non-Executive Director*)  
Toh Khiam Huat (*Independent Non-Executive Director*)  
Chew Kat Nyap (*Independent Non-Executive Director*)  
Teh Kok Heng (*Independent Non-Executive Director*)  
Leow Vinken (*Alternate Director to Datuk Leow Chong Howa*)

## To: The Shareholders of LBA

Dear Sir/Madam,

## PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

### 1. INTRODUCTION

On 28 September 2018, LBA has received its shareholders' renewal of authority for share buy-back to purchase up to a maximum of ten (10) per centum of its total number of issued shares at the Annual General Meeting ("AGM") then held.

The purpose of this Statement is to provide you with details of the proposed renewal of authority for share buy-back for the Company to purchase a maximum of ten (10) per centum of its total number of issued shares and to seek your approval on the relevant resolution to be tabled at the forthcoming AGM of the Company to be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road) 71700 Mantin Negeri Sembilan Darul Khusus on Monday, 30 September 2019 at 10.00 a.m. or at any adjournment thereof, notice of which has been set out in the Notice of the AGM in the Annual Report 2019.

## 2. DETAILS OF THE PROPOSED RENEWAL

The present mandate granted by the shareholders of LBA at the AGM held on 28 September 2018 for the purchase of its own shares will expire at the conclusion of the forthcoming AGM of the Company. In this regard, the Company proposes to seek the approval of the shareholders of LBA to renew the authority to purchase up to a maximum of ten (10) per centum of the total number of issued shares in LBA subject to the Act, the Listing Requirements and any prevailing laws, rules, regulations and guidelines issued by the relevant authorities at the time of purchase. As at 30 April 2019, the issued share capital of the Company amounted to RM125,770,795 comprising 248,486,334 ordinary shares.

The authority from the shareholders of LBA for the Proposed Renewal if renewed, shall be effective upon the passing of the ordinary resolution relating to the Proposed Renewal at the forthcoming AGM until the conclusion of the next AGM of LBA unless earlier revoked or varied by an ordinary resolution of shareholders of the Company in a general meeting.

The Proposed Renewal will be funded by internal funds and/or bank borrowings and the maximum allocated will not exceed the sum of the retained profits based on its latest audited financial statements available as stipulated in the Listing Requirements. Based on our latest audited financial statements for the financial year ended 30 April 2019 at Company level, our retained profits stood at RM136,307,251.

In the event that borrowings are used for the Proposed Renewal, the amount of borrowings will depend on the amount of shares we will purchase and our borrowing capacity based on the Company and its subsidiary companies (the "Group")'s cashflow and repayment capability.

In compliance with the Listing Requirements, LBA may only purchase its own shares on Bursa Securities at a price not more than fifteen (15) per centum above the weighted average market price for the shares for the five (5) market days immediately preceding the date(s) of the purchase(s).

In accordance with Section 127(4) of the Act, your Board may resolve to cancel the purchased shares or retain them as treasury shares or a combination of cancellation and retention.

Purchased shares as treasury shares may either be distributed as share dividends to the Company's shareholders or resold on Bursa Securities in accordance to the rules of Bursa Securities.

As at the date of this Statement, your Board has yet to make any decision with regards to the treatment of the shares to be so purchased and will take into consideration the effects of such treatment on the Group in arriving at its decision. An immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of shares pursuant to the Proposed Renewal.

If the shares purchased are held as treasury shares, the rights attached to these shares as to voting, dividends and participation in any distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including, without limiting the generality of Section 127 of the Act, the provisions of any law or requirements of our Articles or the Listing Requirements on major shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company may resell the treasury shares on Bursa Securities or transfer treasury shares pursuant to Section 127(7) of the Companies Act, at :-

- (a) a price which is not less than the weighted average market price for the shares for the five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the weighted average market price for the shares for the five (5) market days immediately before the resale or transfer provided that:
  - (i) the resale or transfer takes place not earlier than 30 days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

### **3. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL**

#### **3.1 Potential Advantages**

- (a) As a possible measure towards stabilizing the supply and demand for our shares on Bursa Securities which is expected to in turn foster investors' confidence;
- (b) If the purchased shares are subsequently cancelled, this may increase the consolidated earnings per share ("EPS") of our Group, which may have a positive impact on our share price;
- (c) If the treasury shares are sold at prices higher than the purchase prices, potential gains may be realized and consequently increase our working capital and net assets; and
- (d) As a mechanism to reward you in the event that the treasury shares are distributed as share dividend.

#### **3.2 Potential Disadvantages**

- (a) The Proposed Renewal may result in a reduction of the reserves available for distribution as cash dividends to you;
- (b) The Proposed Renewal will temporarily reduce our financial resources. However, we may recover the financial resources if we resell the purchased shares on Bursa Securities; and
- (c) The financial resources allocated for the Proposed Renewal may result in an increase in our financial costs and/or foregoing other investment opportunities which may arise in the future.

Your Board will nevertheless be mindful of the interest of LBA in dealing with the shares so purchased as set out in Section 2 above.

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

The Proposed Renewal is expected to stabilize the supply and demand of the Company's shares which may subsequently have a favourable impact on its market prices. Any cancellation of the purchased shares is expected to increase the EPS of the Group as a result of a reduced share capital base. If the shares purchased are kept as treasury shares, the Company may have the opportunity to realize capital gains if these are resold on Bursa Securities at a price higher than their purchase price.

### **5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL**

The effects of the Proposed Renewal are illustrated below.

#### **5.1 Share Capital**

The Proposed Renewal will not have any immediate material effect on the share capital of LBA until such time when the shares purchased by the Company pursuant to the Proposed Renewal are cancelled resulting in the issued share capital of the Company decreasing accordingly. On the other hand, if the shares purchased are retained as treasury shares, re-sold or distributed to its shareholders, the Proposed Renewal will not affect the issued share capital of LBA.

The effects of the Proposed Renewal are illustrated below:-

	<b>No of shares</b>	<b>RM</b>
Issued share capital as at 31 July 2019	248,486,334	125,770,795
Number of shares that may be purchased and cancelled pursuant to the Proposed Renewal	24,848,633	12,577,079
Issued share capital after the Proposed Renewal and cancellation	223,637,701	113,193,716

## **5.2 NA and Working Capital**

The effect of the Proposed Renewal on the NA and working capital will depend on the number of shares which the Company will buy-back, the purchase price of the shares at the time of buy-back and the treatment of the shares so purchased.

If the shares are purchased and cancelled, the Proposed Renewal will reduce the NA per share if the purchase price exceeds the NA per share at the time of purchase.

Conversely, the NA per share will increase if the purchase price is less than the NA per share at the time of purchase.

There will be no impact on the NA if the shares so purchased are retained as treasury shares.

The Proposed Renewal will reduce the working capital of the Group, the quantum of which is dependent on the purchase price and the actual number of shares bought-back.

## **5.3 Earnings**

The impact of the Proposed Renewal on the earnings of the Group is dependent on the purchase price of the shares purchased and the opportunity cost arising from the funds utilized for the Proposed Renewal.

Any cancellation of shares so purchased is expected to increase the EPS to the Company and its Group due to the reduced number of shares in issue.

## **5.4 Dividends**

The Proposed Renewal is not expected to have any effect on the policy of the Company in recommending dividend to the shareholders of LBA. Any dividend declare in future would be determined by the Board after taking into consideration the performance of our Group and the prevailing economic conditions.

## 5.5 Directors' and Substantial Shareholders' shareholdings

Based on our Register of Directors' and Register of Substantial Shareholders' shareholdings as at 31 July 2019 and on the assumption that the maximum number of shares authorized under the Proposed Renewal are purchased and cancelled and the shares are purchased from shareholders other than your directors and/or substantial shareholders, the effects of the Proposed Renewal on the shareholdings of your directors and/or substantial shareholders in LBA are as follows:-

	Existing as at 31.7.2019				After the Proposed Renewal			
	Direct Shareholdings		Indirect Shareholdings		Direct Shareholdings		Indirect Shareholdings	
	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%	No. of Shares ('000)	%
<b>Directors and Substantial Shareholders</b>								
Datuk Leow Chong Howa	74,974	30.17	-	-	74,974	33.53	-	-
Leow Sok Hoon	18,369	7.39	-	-	18,369	8.21	-	-
<b>Directors</b>								
Mark Wing Kong	3,644	1.47	-	-	3,644	1.63	-	-
Yap Chee Woon	844	0.34	-	-	844	0.38	-	-
Neoh Lay Keong	-	-	-	-	-	-	-	-
Dato' Dr. Mohd Husni Bin Ahmad	-	-	-	-	-	-	-	-
Toh Khiam Huat	-	-	-	-	-	-	-	-
Chew Kat Nyap	-	-	-	-	-	-	-	-
Teh Kok Heng	-	-	-	-	-	-	-	-
Leow Vinken(Alternate Director to Datuk Leow Chong Howa)	-	-	-	-	-	-	-	-

## 6. PUBLIC SHAREHOLDING SPREAD

Our public shareholding spread before and after the Proposed Renewal is as follows:-

	<b>As at 31.7.2019</b>	<b>After the Proposed Renewal</b>
Public shareholding spread	<b>53.48%</b>	<b>48.31%</b>

Based on the assumptions that:

- (i) the Proposed Renewal involves the aggregate purchase and cancellation of 24,848,633 shares (being an amount approximately 10% of our total number of issued shares as at 31 July 2019), and
- (ii) the number of Shares held by the Directors of LBA, our substantial shareholders and persons connected to them remain unchanged.

Your Board will ensure that any purchase of shares will be carried out in accordance with the relevant regulatory and laws prevailing at the time of the purchase including compliance with the public shareholding spread as required by the Listing Requirements.

## 7. PURCHASE, RESALE, CANCELLATION AND/OR TRANSFER OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

There have not been any purchase, resale, cancellation and/or transfer of treasury shares made in the previous twelve (12) months preceding the date of this Statement. As at the date of this Statement, the Company does not have any treasury shares.

## 8. IMPLICATION OF THE CODE

The Company does not intend to undertake the Proposed Renewal such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any parties resulting from the Proposed Renewal, the relevant parties shall make the necessary application to the Securities Commission for a waiver to undertake a mandatory offer pursuant to the Code.

## 9. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of the shares traded on the Bursa Securities for the last twelve (12) months from August 2018 to July 2019

<b>Year   Month</b>	<b>High (RM)</b>	<b>Low (RM)</b>
2018 August	0.609	0.545
2018 September	0.579	0.54
2018 October	0.615	0.44
2018 November	0.515	0.475
2018 December	0.49	0.445
2019 January	0.515	0.46
2019 February	0.54	0.47
2019 March	0.565	0.47
2019 April	0.59	0.505
2019 May	0.60	0.50
2019 June	0.54	0.495
2019 July	0.525	0.48

*(source : Bloomberg)*

The last transacted price of LB's Shares on 31 July 2019, being the latest practicable date prior to the printing of this Statement was RM0.495.

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

Save for the inadvertent increase in the percentage shareholdings of the directors and/or substantial shareholders if the shares so purchased are cancelled resulting in a decrease in the total number of issued shares of the Company, none of the directors and/or major shareholders or persons connected to them have any interest, direct or indirect, in the Proposed Renewal or the subsequent resale of the treasury shares, if any.

**11. APPROVAL REQUIRED**

The Proposed Renewal is conditional upon your approval at the forthcoming AGM.

**12. DIRECTORS' RECOMMENDATION**

The Board of LBA, having considered the rationale for the Proposed Renewal, is of the opinion that the Proposed Renewal is in the best interest of the shareholders and the Company.

Accordingly, your Board recommends that you vote in favour of the resolution, which will be tabled at the forthcoming AGM to give effect to the Proposed Renewal.

**13. AGM**

The ordinary resolution in respect of the Proposed Renewal is set out as Special Business in the Notice of AGM contained in the LBA's Annual Report for the financial year ended 30 April 2019, which is being sent to you together with this Statement. The AGM will be held at Ujong Pandang Room, Staffield Country Resort, Batu 13, Jalan Seremban-Kuala Lumpur (Country Road) 71700 Mantin, Negeri Sembilan Darul Khusus on Monday, 30 September 2019 at 10.00 a.m. or any adjournment thereof.

If you are unable to attend and vote in person at the AGM, please complete, sign and return the Form of Proxy enclosed in the Annual Report 2019 in accordance with the instructions printed on it, so as to arrive at the Company's registered office at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than 48 hours before the time set for convening the AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

**14. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendix I for further information.

Yours faithfully,  
For and behalf of the Board of Director of  
**LB ALUMINIUM BERHAD**

**DATUK LEOW CHONG HOWA**  
Executive Chairman



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**APPENDIX I - FURTHER INFORMATION**

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**1 RESPONSIBILITY STATEMENT**

The Directors of LBA have seen and approved the contents of this Statement and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**2 MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, LBA Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, or any material claims against the Company or its subsidiary companies, or material arbitration proceedings, which have a material effect on the business or financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially affect the business or financial position of the Company or its subsidiary companies.

**3 MATERIAL CONTRACTS**

Save as disclosed below, neither the Company nor its subsidiaries have as at the LPD, entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Circular :-

- (i) Sale and Purchase Agreement (“SPA”) dated 25 April 2018 between Albe Metal Sdn Bhd, a wholly-owned subsidiary of LBA and Façade Treatment Engineering Sdn Bhd for the acquisition of the property held under Title No. GM 80, Lot 755 in Mukim of Damansara, District of Petaling, Negeri Selangor Darul Ehsan by Albe Metal Sdn. Bhd. from Façade Treatment Engineering Sdn. Bhd. for a total cash consideration of Ringgit Malaysia Twenty Five Million (RM25,000,000) only (excluding 6% Goods and Services Tax).

The above transaction had been completed on 15 August 2018.

- (ii) Greentech Paramount Sdn Bhd, a wholly-owned subsidiary of LBA, had on 16 May 2019 subscribed for 2,005,000 new ordinary shares representing 50.06% of equity interest in Pembinaan Serta Hebat Sdn Bhd for a cash consideration of Ringgit Malaysia Two Million and Five Thousand (RM2,005,000) only.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection by members of the Company at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except Public Holidays) from the date of this Statement up to and including the date of the AGM:-

- (i) the Memorandum and Articles of Association of LBA; and
- (ii) the audited consolidated financial statements of LBA for the past two (2) financial years ended 30 April 2018 and 30 April 2019; and
- (iii) Sales and Purchase Agreement dated 25 April 2018 between Albe Metal Sdn Bhd and Façade Treatment Engineering Sdn Bhd.

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