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**LATITUDE TREE HOLDINGS BERHAD  
(COMPANY NO. 302829-W)  
(INCORPORATED IN MALAYSIA)**

**STATEMENT TO SHAREHOLDERS  
IN RELATION TO:**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO  
PURCHASE ITS OWN ORDINARY SHARES**

Notice of the Twenty-Third (23rd) Annual General Meeting ("AGM") of Latitude Tree Holdings Berhad to be held at Putra Room, Kelab Golf Sultan Abdul Aziz Shah, No. 1, Rumah Kelab, Jalan Kelab Golf 13/6, 40100 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 November 2017 at 2.00 p.m. together with a Form of Proxy are enclosed in the Annual Report of the Company for the financial year ended 30 June 2017.

Please complete and return your Form of Proxy in accordance with the instructions thereon as soon as possible to the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : 26 November 2017 at 2.00 p.m.  
Date and time of the Annual General Meeting : 28 November 2017 at 2.00 p.m.

This Statement is dated 31 October 2017

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**LATITUDE TREE HOLDINGS BERHAD**  
(Company Number: 302829-W)  
(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT**

**1. INTRODUCTION**

The shareholders of Latitude Tree Holdings Berhad (“LTHB” or “Company”) had at the Twenty-Second Annual General Meeting (“AGM”) of the Company held on 29 November 2016, granted approval for the Directors to purchase up to ten per centum (10%) of the total number of issued shares of the Company as at 30 October 2016 or up to 9,720,750 Ordinary Shares in LTHB (“LTHB Shares”), whichever is lower. The said mandate shall in accordance with the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”), lapse at the conclusion of the forthcoming AGM unless a fresh mandate is obtained from shareholders.

On 3 October 2017, the Company announced to Bursa Securities that the Board of Directors of LTHB (“Board”) proposes to seek its shareholders’ approval for the proposed renewal of authority for the Company to purchase its own ordinary shares (“Proposed Renewal of Share Buy-Back Authority”).

The aforesaid proposal if approved by the shareholders would become valid immediately upon the passing of the ordinary resolution at the forthcoming AGM and will expire at the conclusion of the next AGM of the Company unless the authority is further renewed by ordinary resolution passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting, whichever occurs first.

The Notice of the 23rd AGM and Form of Proxy are enclosed in the Annual Report 2017.

**2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Board proposes to seek a renewal of the authority from its shareholders to purchase up to ten per centum (10%) of its total number of issued shares. Kenanga Investment Bank Bhd was appointed as stockbroker of the Company for the purpose of the share buy-back on 30 April 2010.

The approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority would be effective immediately upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming AGM and shall be valid until:

- (i) the conclusion of the next AGM of the Company following the 23rd AGM, at which such resolution was passed, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or conditionally;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

The shareholders' approval for the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, the Proposed Renewal of Share Buy-Back Authority will allow the Board to exercise the powers of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings.

The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds and bank borrowings at the time of the purchase(s), actual number of LTHB Shares to be purchased and other cost factors. Should the Proposed Renewal of Share Buy-Back Authority be financed through bank borrowings, the Company is expected to have the funds to repay such borrowings. The Proposed Renewal of Share Buy-Back Authority is expected to reduce the cashflow of LTHB and its subsidiaries ("LTHB Group"). The actual number of LTHB Shares to be purchased will depend on the market conditions as well as the retained earnings and financial resources available to the Company.

The Board proposed to allocate up to the amount available under the retained earnings of the Company for the purchase of the LTHB Shares subject to compliance with Section 127 of the Companies Act 2016 ("the Act"), as amended from time to time, and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the audited financial statements for the financial year ended 30 June 2017, the retained earnings of LTHB was RM64,275,000.

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The purchased shares may be cancelled or retained as treasury shares or a combination of both. An announcement will be made to Bursa Securities on whether the purchased shares will be cancelled or retained as treasury shares or a combination of both in due course. Where the purchased shares were held as treasury shares, the Board may:-

- a) Distribute the shares as dividends to shareholders, such dividends to be known as "share dividends";
- b) Resell the shares or any of the shares in accordance with the relevant rules of the Bursa Securities;
- c) Transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
- d) Transfer the shares, or any of the shares as purchase consideration;
- e) Cancel the shares or any of the shares; or
- f) Sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe.

The distribution of treasury shares as share dividends may be applied as a reduction of the retained earnings of the Company.

In accordance with Paragraph 12.09 of the MMLR of Bursa Securities, LTHB will not purchase its own shares or hold any of its own shares as treasury shares if this result in the aggregate shares purchased or held to exceed 10% of the total number of issued shares of the Company.

In accordance with Paragraph 12.17 of the MMLR of Bursa Securities, LTHB may only purchase its own shares at a price which is not more than 15% above the weighted average market price of LTHB's Shares for the past five (5) market days immediately preceding the date of purchase(s).

In accordance with Paragraph 12.26 of the MMLR of Bursa Securities, the Company may purchase its own shares in odd lots i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through a Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

### **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

- (i) The Proposed Renewal of Share Buy-Back Authority will enable LTHB an additional option to utilise its surplus financial resources.
- (ii) In addition, the purchased shares may be held as treasury shares and resold on Bursa Securities with the intention of realising a potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

- (iii) With the mandate, the Company will also be able to stabilise the supply and demand of LTHB Shares traded on Bursa Securities and thereby supports its fundamental value, if required.

#### **4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

In the event that the Company purchases 9,720,750 LTHB Shares, representing ten per centum (10%) of its total number of issued shares as at 6 October 2017 and the shares repurchased are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets, working capital and earnings are as set out below:

##### **(a) Share Capital**

- (i) The effect of the Proposed Renewal of Share Buy-Back Authority on the share capital will depend on whether the LTHB Shares purchased are cancelled or retained as treasury shares.
- (ii) In the event that the maximum number of shares authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and retained as treasury shares, the share repurchase would not have any effect on the share capital of LTHB, although the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.
- (iii) The Proposed Renewal of Share Buy-Back Authority will reduce the total number of issued shares if the LTHB Shares so purchased are cancelled. The effect of the maximum number of shares to be bought back as permitted under the Proposed Renewal of Share Buy-Back Authority based on the total number of issued shares as at 6 October 2017 assuming the LTHB Shares so purchased are cancelled, the total number of issued shares of LTHB will decrease from 97,207,500 LTHB Shares to 87,486,750 LTHB Shares.

##### **(b) Net Assets ("NA")**

- (i) The NA per share of LTHB Group based on the latest audited financial statements as at 30 June 2017 is RM5.77.

- (ii) The effect of the share repurchase on the NA per share of the LTHB Group is dependent on the number of LTHB Shares which the Company will buy-back, purchase price of the LTHB Shares at the time of buy-back, the treatment of the shares so purchased and the funding cost, if any.
- (iii) If the maximum number of LTHB Shares purchased is cancelled, the share repurchase would reduce the NA per share of the LTHB Group if the purchase price exceeds the NA per share at the relevant point in time. Conversely, the NA per share of the LTHB Group would increase if the purchase price is less than the NA per share at the relevant point in time.
- (iv) If the LTHB Shares are retained as treasury shares, the NA per share would increase/decrease depending on the purchase price of the LTHB Shares. The NA per share of LTHB Group would reduce if the purchase price exceeds the NA per share and vice versa.
- (v) If the treasury shares are resold on Bursa Securities, the NA per LTHB Share will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA per LTHB Share will decrease by the cost of the treasury shares.

**(c) Working capital**

- (i) The share repurchase will result in an outflow of cash and thereby reducing the working capital of the LTHB Group, the quantum of which is dependent on the purchase prices of the LTHB Shares and the number of LTHB Shares repurchased and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of LTHB and its shareholders in undertaking the Proposed Renewal of Share Buy-Back Authority and will assess the working capital needs of the LTHB Group prior to any repurchase of LTHB Shares.
- (ii) In the event the Company purchases its own shares using external borrowings, the Company will ensure that it has sufficient funds to repay the external borrowings.

**(d) Earnings**

- (i) The effect of the share repurchase on the earnings per share ("EPS") of the LTHB Group is dependent on the purchase prices of LTHB Shares and the effective funding cost and/or loss in income to the Company thereof.

- (ii) For instance, the share repurchase will increase the EPS of the LTHB Group if the effective funding cost and/or loss in income to the Company which is attributable to every repurchased share is lower than the EPS of the LTHB Group and vice versa.
- (iii) If the LTHB Shares so purchased are cancelled, the consolidated EPS of the Group will increase provided the income foregone and interest expense incurred on these LTHB shares is less than the consolidated EPS prior to such purchase.

**(e) Dividends**

- (i) Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, the share repurchase will have the effect of increasing the dividend rate of LTHB as a result of a decrease in the number of shares in LTHB which are entitled to participate in the dividends distribution. The Directors have recommended a final tax exempt dividend of 12.0 sen per share for the financial year ended 30 June 2017.
- (ii) The Proposed Renewal of Share Buy-Back Authority may have an impact on the Company's dividend policy for the financial year ending 30 June 2018 as it would reduce the cash available, which may otherwise be used for dividend payment. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Directors so decide.

**5. ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**Advantages**

- (i) The Proposed Renewal of Share Buy-Back Authority, if implemented, will enable the Company to stabilise the supply and demand of LTHB Shares on Bursa Securities and thereby reducing the volatility of LTHB Shares.
- (ii) The Company would have the opportunity to utilise its financial resources not immediately required for other use to purchase LTHB Shares and may has the opportunities for potential gains if the purchased LTHB Shares which are retained as treasury shares are resold at prices higher than their purchase prices.

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## **Disadvantages**

- (i) The Proposed Renewal of Share Buy-Back Authority will reduce the amount of resources available for distribution to the shareholders of the Company and may result in the Group having to forgo feasible investment opportunities that may emerge in the future. However, the financial resources of the Group may increase if the LTHB Shares so purchased held as treasury shares are resold at prices higher than their purchase price.
- (ii) The working capital of the Group will also be affected, as any purchase of LTHB Shares will reduce the Group cashflow depending on the actual number of shares purchased and their purchase price.

The Board will be mindful of the interests of the Company, the Group and the shareholders in implementing the Proposed Renewal of Share Buy-Back Authority.

## **6. PUBLIC SHAREHOLDING SPREAD**

As at 6 October 2017, the public shareholding spread of the Company was approximately 48.20% of its total number of issued shares.

For the purpose of illustration, if the Company purchases up to the maximum of ten per centum (10%) of the total number of issued shares of LTHB and assuming the number of LTHB Shares currently held by the Directors, the Substantial Shareholders or associates of the Directors and/or Substantial Shareholders remain unchanged during the implementation of the Proposed Renewal of Share Buy-Back Authority, the proforma public shareholding spread of the Company, based on the Record of Depositors as at 6 October 2017, is expected to be approximately 42.45%. The Board is mindful of the requirement that any purchase of LTHB shares by the Company must not result in the public shareholding spread of LTHB falling below 25% of its total number of issued shares.

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## 7. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDING

Assuming LTHB acquires the full amount of LTHB Shares during the implementation of the Proposed Renewal of Share Buy-Back Authority and there is no change in the number of Shares held by the Directors and/or Substantial Shareholders of LTHB as at 6 October 2017, the effect of the Share Buy-Back on the percentage shareholdings of the Directors and/or Substantial Shareholders is as follows:

	As at 6 October 2017				After Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No of Shares '000	%	No of Shares '000	%	No of Shares '000	% <sup>1</sup>	No of Shares '000	% <sup>1</sup>
<b>Substantial Shareholders and Directors</b>								
Mdm Lin Chen, Jui-Fen	24,220	24.92	-	-	24,220	27.68	-	-
Mr Lin, Chin-Hung	6,520	6.71	-	-	6,520	7.45	-	-
Mr Lin, Cheng-Hung	5,000	5.14	-	-	5,000	5.72	-	-
Mr Yek Siew Liong	-	-	14,610 <sup>2</sup>	15.03	-	-	14,610 <sup>2</sup>	16.70
<b>Substantial Shareholders</b>								
Konsortium Kontrek Sdn. Bhd. ("KKSB")	14,610	15.03	-	-	14,610	16.70	-	-
<b>Directors</b>								
Dato' Haji Shaharuddin bin Haji Haron	-	-	-	-	-	-	-	-
Mr Toh Seng Thong	-	-	-	-	-	-	-	-

Notes:-

<sup>1</sup> Excluding a total of 9,720,750 LTHB Shares assuming the entire 10% of the total number of issued shares is bought back by LTHB and retained as treasury shares

<sup>2</sup> Deemed interest by virtue of Section 8(4)(c) of the Act, held through KKSB

**8. IMPLICATIONS RELATING TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS, AS AMENDED FROM TIME TO TIME (“RULES”)**

In the event that the Company acquires the full number of the LTHB Shares authorised under the Proposed Renewal of Share Buy-Back Authority and all the LTHB Shares so acquired are held as treasury shares, the equity interest of the substantial shareholders and their respective parties acting in concert triggering the obligation to undertake a mandatory offer under Rule 4 of Part B of the Rules, an exemption will be sought from the Securities Commission (“SC”) under Paragraph 4.15 of Part B of the Rules before the purchase is made.

Pursuant to Paragraph 4.01 of Part B of the Rules, if the equity interest of any one of the substantial shareholders and their respective parties acting in concert increases to more than 33% but not more than 50% of the voting shares of LTHB and such that their shareholdings of LTHB increases in a period of six (6) months from the dates of purchase by more than 2%, the affected substantial shareholder and parties acting in concert would be obliged to undertake a mandatory offer for the remaining LTHB Shares not held by the said affected substantial shareholder and parties acting in concert.

SC may grant a waiver to undertake a mandatory offer under Paragraph 4.15 of Part B of the Rules, subject to the affected substantial shareholder and parties acting in concert complying with certain conditions, if obligation is triggered as a result of any action outside its direct participation. The Substantial Shareholders of LTHB as disclosed in Section 7 herein have indicated that they intend to apply for the proposed exemption under Paragraph 4.15 of Part B of the Rules if the obligation is expected to be triggered as a result of the Proposed Renewal of Share Buy-Back Authority. The effects of the Proposed Renewal of Share Buy-Back Authority on their shareholdings are set out in Section 7 herein.

**9. DIRECTORS’ RECOMMENDATION**

The Board have considered all aspects of the Proposed Renewal of Share Buy-Back Authority and is of the opinion that they are in the best interest of the LTHB Group and accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM.

**10. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or Substantial Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

Save for the proportionate increase in the percentage of shareholdings and/or voting rights in their capacities as the shareholders of the Company pursuant to the Proposed Renewal of Share Buy-Back Authority, none of the Directors and/or Substantial Shareholders has any interest, direct or indirect, in the Proposed Renewal Share Buy-Back Authority. In addition, none of the persons connected to the Directors and/or Substantial Shareholders have any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

## **11. FURTHER INFORMATION**

Shareholders are advised to refer to the Financial Statements section of the Annual Report of the Company for the financial year ended 30 June 2017 for further details on the purchases made by the Company of its own shares during the financial year ended 30 June 2017.

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