

## **JOHORE TIN BERHAD ("JTB" OR THE "COMPANY")**

### **ACQUISITION OF LAND BY ABLE DAIRIES SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF JTB FROM LAI SHIN LIN FOR A TOTAL CASH PURCHASE CONSIDERATION OF APPROXIMATELY RM5.8 MILLION.**

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#### **1) Introduction**

The Board of Directors of JTB ("Board") wishes to announce that on 5 December 2012, Able Dairies Sdn Bhd ("Able Dairies" or the "Purchaser"), a wholly-owned subsidiary of JTB had entered into an Agreement of Sale ("AS") with Lai Shin Lin ("Vendor") for the acquisition of a parcel of land held under GM 2483, Lot 2263, Mukim Teluk Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan ("Land"), for a total cash purchase consideration of RM5,794,760 ("Purchase Consideration") ("Acquisition").

#### **2) Information on Able Dairies**

Able Dairies was incorporated in Malaysia on 9 March 2007 under the Companies Act, 1965 as a private limited company. The current authorised share capital of Able Dairies is RM5,000,000 comprising 5,000,000 ordinary shares at RM1.00 each of which 1,500,000 shares are issued and fully paid-up. Able Dairies is principally engaged in the business of manufacturing and selling of milk and related dairy products.

#### **3) Information on Vendor**

Lai Shin Lin, aged 36, is a director of a non-listed company. She is the spouse to Ng Keng Hoe, who is a director of Able Dairies and a substantial shareholder of the Company.

#### **4) Information on the Land**

The Land consists of a parcel of freehold agriculture land under GM 2483, Lot 2263, Mukim Teluk Panglima Garang, District of Kuala Langat, Selangor Darul Ehsan, measuring approximately 1.63 hectares.

The Land is situated along approximately 3 kilometres to the north-east of the Teluk Panglima Garang town, approximately 7 kilometres to the south of the KESAS Highway (linking Pulau Indah, Klang to Kuala Lumpur-Seremban highway); approximately 15 kilometres to the south of the Klang town centre; approximately 50 kilometres to the south-west Kuala Lumpur city centre; and approximately 45 kilometres to the south-east of Kuala Lumpur International Airport (KLIA).

#### **5) Details of the Acquisition**

##### **5.1) Basis and justification for the Purchase Consideration**

The Purchase Consideration of RM5,794,760 for the Acquisition was arrived at on a willing-buyer willing-seller basis after taking into consideration, inter-alia, the fair market value of the Land as appraised by JS Valuers Property Consultants (Selangor) Sdn Bhd vide its Certificate of Valuation dated 16 November 2012 using the Comparison Method.

**5.2) Salient terms of the SPA**

A summary of the salient terms of the AS, inter alia, are set out as follows:-

- (i) Upon execution of the AS, the Vendor shall grant a Power of Attorney in favour of the Purchaser to empower it to do all or any of the acts or things which are required in relation to the application for and obtaining the approval for conversion, amalgamation and subdivision of the said Land and thereafter the approval for development and building plans for the development of the said Land.
- (ii) In the event of the Purchaser failing or neglecting to pay the balance of the Purchase Consideration within the time stipulated, the sum equivalent to 10% of the Purchase Consideration shall be forfeited to the Vendor without any further notice and the balance of moneys received by the Vendor shall be refunded to the Purchaser forthwith whereupon the AS shall be treated as null and void and of no further effect and neither party shall have claim whatsoever against the other.
- (iii) The Purchase Consideration will be paid in the following manner:-
  - (a) deposit amounting to RM579,476, representing 10% of the Purchase Consideration upon the execution of the AS; and
  - (b) the balance of the Purchase Consideration amounting to RM5,215,284 representing 90% of the Purchase Consideration is payable within three (3) months from the execution of the AS.

**5.3) Source of funds**

The Purchase Consideration will be satisfied entirely by cash, of which RM5.0 million will be financed via proceeds raised from the Company's renounceable rights issue proposal which has been completed as at 27 November 2012 and the remaining RM794,760 will be financed via internally generated funds.

**5.4) Liabilities to be assumed**

Save for the cost of land conversion from agriculture land to industrial land, there are no liabilities to be assumed by JTB and Able Dairies pursuant to the Acquisition.

**5.5) Cost and date of investment**

The original cost of investment and date of the investment by the Vendor is RM5,268,060.00 and 8 December 2011, respectively.

**5.6) Completion of the Acquisition**

Barring any unforeseen circumstances, the Acquisition is expected to be completed by the first quarter of 2013.

**6) Rationale and prospects of the Land**

The Acquisition and the construction of a new warehouse and factory on the Land, which is near Able Dairies' existing milk and dairy products manufacturing facility is part of JTB and its subsidiaries' ("JTB Group") expansion plans. Able Dairies' facility is running at close to full working space capacity and hence, the facility has been facing storage space constraints of late. As a result thereof, the Company is currently renting additional space from three (3) logistic companies to store its raw materials and finished products at a combined rental cost of approximately RM0.2 million per annum.

The management estimates that the Land could facilitate the construction of a warehouse and factory with an approximate built-up area of 100,000 square feet, together with an office building with an approximate built-up area of 4,500 square feet ("Proposed Facility"). The Proposed Facility is expected to free up the needed working space at Able Dairies' facility and will also allow Able Dairies to include an additional milk canning line at its existing facility. Based on management's best estimates, the abovementioned extra working space together with the additional milk canning line is expected to increase production capacity by up to 25% from the current output of 95 million cans per annum. Furthermore, the Company should be able to reap savings in rental cost by using the available storage space at the Proposed Facility.

The Acquisition together with the construction of the facilities are expected to be completed within eighteen (18) months from the date of the AS, subject to amongst others, timely approval(s) from the relevant authorities for the factory building plans.

The Management of JTB is confident of the prospect of the Land and is optimistic that the future development on the Land will contribute positively to the earnings of JTB Group in the near future.

**7) Risk relating to the Acquisition**

The Acquisition is not expected to have any material risk factor associated with the Land except for the general economic risk, business risk and investment risks commonly associated with land acquisition.

**8) Financial effects of the Acquisition**

**8.1) Share capital and shareholdings of the substantial shareholders**

The Acquisition will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of JTB as the Purchase Consideration will be satisfied wholly by cash and does not involve any issuance of JTB shares.

**8.2) Net assets ("NA") and NA per share**

The Acquisition is not expected to have any material effect on the NA and NA per share of the JTB group as the Purchase Consideration will be satisfied wholly by cash and does not involve any issuance of JTB shares.

**8.3) Earnings and earnings per share**

The Acquisition is not expected to have any effect on the earnings and earnings per share of the JTB for the financial year ending 31 December 2012.

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Barring any unforeseen circumstances, the Acquisition is expected to contribute positively to the future earnings of the JTB Group for the ensuing financial years.

**8.4) Gearing**

The Acquisition is not expected to have a material impact on the gearing of the JTB Group.

**9) Approvals required**

The Acquisition is not subject to the approval of shareholders of the Company or any governmental or statutory authorities.

**10) Percentage ratio**

The highest percentage ratio for the Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 4.27% based on the proforma consolidated statements of financial position of JTB as at 31 December 2011 as disclosed in the Abridged Prospectus dated 24 October 2012 in regards to the Company's renounceable rights issue proposal which has been completed as at 27 November 2012.

**11) Interested directors, major shareholders and/or persons connected**

The Vendor holds less than 1% direct interest in JTB and is spouse to Ng Keng Hoe, who is director of Able Dairies and a substantial shareholder of the Company. As a result thereof, the Vendor and Ng Keng Hoe ("Interested Parties") are deemed interested in the Acquisition.

Save for the above, none of the Directors and other major shareholder of the Company and persons connected with them have any interest, direct or indirect, in the Acquisition.

**12) Amount transacted with the interested directors, major shareholders and/or persons connected to them for the preceding twelve (12) months**

Save as disclosed below, there have been no other related party transactions with the Interested Parties for the preceding twelve (12) months prior to 30 November 2012, being the latest practicable date of this announcement:-

<b>Purchases</b>			
<b>Related parties</b>	<b>Transacting party</b>	<b>Nature of transactions</b>	<b>Amount of transactions (RM)</b>
Able Perfect Sdn. Bhd. ("Able Perfect")*	Johore Tin Factory Sdn Bhd	Purchases of jerry can materials from Able Perfect	29,440.00
Able Perfect*	Able Dairies	Purchases of raw materials from Able Perfect	83,130.06
		<b>Total</b>	<b>112,570.06</b>

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<b>Sales</b>			
<b>Related parties</b>	<b>Transacting party</b>	<b>Nature of transactions</b>	<b>Amount of transactions (RM)</b>
Able Perfect*	Johore Tin Factory Sdn Bhd	Sells jerry can to Able Perfect	2,205,512.02
Able Perfect*	Unican Industries Sdn Bhd	Sells edible oil tin to Able Perfect	157,331.12
Able Perfect*	Able Dairies	Sells vegetable ghee to Able Perfect	80,086.76
		<b>Total</b>	<b>2,442,929.90</b>

Note:

\* The Interested Parties are directors and major shareholders of Able Perfect.

**13) Statement by the Board and the Audit Committee**

The Board and the Audit Committee is of the opinion that the Acquisition is in the best interest of the JTB Group and the terms of the Acquisition is fair, reasonable and on normal commercial terms and hence will not be detrimental to the interest of the minority shareholders.

The view of the Board and the Audit Committee was arrived at after having considered the terms and conditions of the AS as well as the rationale and prospects for the Acquisition.

**14) Documents for inspection**

The AS dated 5 December 2012 and the Valuation Certificate dated 16 November 2012 are available for inspection at the registered office of JTB at Suite 1301, 13<sup>th</sup> Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor during the normal business hours Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

**This Announcement is dated 5 December 2012.**