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LAFARGE MALAYSIA BERHAD

(Company No. 1877-T)

(Incorporated in Malaysia)

PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO
THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AS WELL AS PROPOSED
NEW MANDATE FOR THE LMB GROUP TO ENTER INTO RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE WHICH ARE NECESSARY FOR THE
DAY TO DAY OPERATIONS OF THE LMB GROUP**

PART B

**SHARE BUYBACK STATEMENT IN RELATION TO
THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE
BY THE COMPANY OF ITS OWN SHARES (“SHARE BUYBACK”)**

The Notice of the 68th Annual General Meeting of the Company to be held at Ballroom 3, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 at 2.00 p.m., together with the Form of Proxy are enclosed in the Annual Report of the Company for the financial year ended 31 December 2017. The Form of Proxy, to be valid, must reach the Registered Office of the Company at Level 12, Bangunan TH Uptown 3, No. 3, Jalan SS21/39, 47400 Petaling Jaya, Selangor Darul Ehsan no later than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof.

PART A

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THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE
AS WELL AS PROPOSED NEW MANDATE FOR THE LMB GROUP
TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE WHICH ARE NECESSARY
FOR THE DAY TO DAY OPERATIONS OF THE LMB GROUP**

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

“the Act”	Companies Act, 2016 including any amendments thereto that may be made from time to time.
“AGM”	Annual General Meeting.
“AIC”	Associated International Cement Limited.
“Board”	Board of Directors of the Company.
“Bursa Securities” / “the Exchange”	Bursa Malaysia Securities Berhad (635998-W).
“CMSA”	Capital Markets and Services Act 2007 including any amendments thereto that may be made from time to time.
“corporation”	Shall have the meaning given in Section 2(1) of the CMSA.
“Director”	Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the Company or its subsidiary or holding company.
“LafargeHolcim”	LafargeHolcim Ltd.
“LafargeHolcim Group”	LafargeHolcim Ltd and its subsidiaries.
“Listing Requirements”	Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time.
“LMB” or “the Company”	Lafarge Malaysia Berhad (1877-T).
“LMB Group” or “the Group”	LMB and its subsidiaries.
“Major Shareholder”	A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares, is (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of LMB or any other corporation which is its subsidiary or holding company. For the purpose of this definition, “interest in shares” shall have the meaning given it in Section 6A of the Act.
“Percentage Ratios”	Shall have the meaning given in paragraph 10.02(g) of the Listing Requirements.
“Proposed Recurrent RPT Mandate”	Proposed renewal of shareholders’ mandate as well as proposed new mandate for the LMB Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations of the LMB Group.
“Recurrent RPT Mandate”	Shareholders’ mandate for the LMB Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations of the LMB Group.
“Related Party(ies)”	Director(s), Major Shareholder(s) or person(s) connected with such Director(s) or Major Shareholder(s).
“RM” and “sen”	Ringgit Malaysia and sen respectively.
“RRPT(s)”	Recurrent Related Party transaction(s) of a revenue or trading nature which are necessary for the day to day operations of the LMB Group.
“Share(s)”	Ordinary share(s) in LMB.

LAFARGE MALAYSIA BERHAD

(Company No. 1877-T)
(Incorporated in Malaysia)

Registered Office:

Level 12, Bangunan TH Uptown 3,
No. 3, Jalan SS21/39
47400 Petaling Jaya
Selangor Darul Ehsan

26 April 2018

DIRECTORS:

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar (Chairman)
Mr Martin Kriegner (Vice Chairman)
Mr Mario Gross (President & Chief Executive Officer)
Mr Michael Lim Yoke Tuan (Chief Financial Officer)
Y.M. Tunku Afwida Binti Tunku A.Malek
Tan Sri Dr Rebecca Fatima Sta Maria
Datuk Muhamad Noor Bin Hamid
Ar. Datuk Tan Pei Ing
Mr John Stull

To: The Shareholders of Lafarge Malaysia Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AS WELL AS PROPOSED NEW MANDATE FOR THE LMB GROUP TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WHICH ARE NECESSARY FOR THE DAY TO DAY OPERATIONS OF THE LMB GROUP

1. INTRODUCTION

At its 67th AGM held on 23 May 2017, the Company renewed the Recurrent RPT Mandate from its shareholders for the Company and its subsidiaries to enter into RRPTs with Related Parties in the ordinary course of business based on commercial terms and terms which are not more favourable to the Related Parties than those that could be arranged with unrelated parties, where comparable services, sales or purchases are so obtainable from such unrelated parties and are not to the detriment of the minority shareholders. The said Recurrent RPT Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the said AGM.

On 23 February 2018, the Board of Directors of the Company announced that the Company proposes to seek the approval of its shareholders' for the Proposed Recurrent RPT Mandate to be renewed in respect of the RRPTs set out in **Section 2.4** below.

The purpose of this Circular is to provide you with the relevant information regarding the Proposed Recurrent RPT Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM of the Company to be held at the Ballroom 3, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 at 2.00 p.m. The Notice convening the AGM together with the Form of Proxy are enclosed together with the Annual Report of the Company for the financial year ended 31 December 2017.

2. DETAILS OF THE PROPOSED RECURRENT RELATED PARTY TRANSACTIONS MANDATE

2.1 PROVISIONS UNDER LISTING REQUIREMENTS

Under paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek shareholders' mandate in respect of RRPTs which are necessary for its day to day operations, subject to, inter alia, the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure must be 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 of the consideration, value of the assets, capital outlay or costs:-
 - is equal to or more than RM1.0 million; or
 - any one of the Percentage Ratios (as defined in the Listing Requirements) of such aggregated transactions is equal to or more than 1%

whichever is the higher;

- (iii) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or a major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution to approve the transactions; and
- (v) the listed issuer must immediately announce to the Exchange when the actual value of a RRPT entered into by the listed issuer exceeds the estimated value of the RRPT disclosed in the circular to shareholders by 10% or more.

The Company has disclosed the aggregate value of the RRPTs conducted during the financial year ended 31 December 2017 in its Annual Report for the financial year ended 31 December 2017.

In accordance with paragraph 10.09 of the Listing Requirements, the Company now proposes to seek the approval of its shareholders for the Proposed Recurrent RPT Mandate which will apply to the RRPTs as set out in **Section 2.4** below.

The authority conferred by the Proposed Recurrent RPT Mandate shall take effect from the passing of the ordinary resolution to be proposed at the forthcoming AGM and will continue to be in force until:-

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

whichever is the earlier.

Thereafter, approval from the shareholders for subsequent renewals will be sought at each subsequent AGM of the Company.

2.2 DETAILS OF THE LMB GROUP

The principal activity of the Company is investment holding while the principal activities of its subsidiaries comprise the manufacturing and sale of cement, clinker, ready-mixed concrete, drymix products, aggregates and related products, trading in cement and other building materials and shipping of cement, business in the area of industrial ecology, ship charterers and management of a jetty. Details of the operating subsidiaries are as follows:-

Name of Company	Date and Place of Incorporation	Effective Equity Interest (%)	Principal Activities	Issued and Paid-up Share Capital
CMCM Perniagaan Sdn Bhd ("CMCM")	23.06.1966; Malaysia	100.00	Trading of cement and other building materials	RM8,600,000
Associated Pan Malaysia Cement Sdn Bhd ("APMC")	30.03.1967; Malaysia	100.00	Manufacture and sale of clinker and cement	RM189,250,000
Lafarge Aggregates Sdn Bhd ("LAGG")	18.10.2001; Malaysia	100.00	Investment holding, trading and quarrying of aggregates and related products	RM40,000,000
Lafarge Aggregates (Pantai Remis) Sdn Bhd ("LAPR")	03.07.2001; Malaysia	100.00	Producer and supplier of aggregates and related products	RM1,000,000
Lafarge Drymix Sdn Bhd ("LDSB")	16.02.1984; Malaysia	100.00	Manufacture and sale of cement and drymix products	RM2,000,003
Lafarge Cement Sdn Bhd ("LCSB")	31.03.1980; Malaysia	100.00	Manufacture and sale of clinker and cement	RM696,000,002
Jumewah Shipping Sdn Bhd ("JSSB")	02.11.1983; Malaysia	100.00	Shipping of bulk cement and chartering of vessels	RM40,000,000
Lafarge Shared Services Sdn Bhd ("LSSB")	20.12.2012; Malaysia	100.00	Accounting shared services and management consulting services	RM8,000,002
Kedah Cement Jetty Sdn Bhd ("KCJ")	28.05.1996; Malaysia	100.00	Management and operation of a jetty	RM14,000,000
Lafarge Concrete (Malaysia) Sdn Bhd ("LCM")	08.01.1983; Malaysia	93.26	Manufacture and sale of ready-mixed concrete	RM6,956,000
Lafarge Concrete Industries Sdn Bhd ("LCIM")	11.08.1982; Malaysia	93.26	Manufacture and sale of ready-mixed concrete	RM10,000,000
ProBuilders Centre Sdn Bhd ("PBC")	24.03.2015; Malaysia	100.00	Retailing and distribution of cement, building materials and hardware related products	RM2,000,000
Lafarge Cement Singapore Pte Ltd ("LCS")	09.08.1963; Singapore	100.00	Bulk import and sale of cement and trading of other building materials	S\$20,000,000
LCS Shipping Pte Ltd ("LCSS")	31.07.1975; Singapore	100.00	Shipping of bulk cement and chartering of vessels	S\$2,000,000
Holcim (Malaysia) Sdn Bhd	15.03.1990; Malaysia	100.00	Manufacture and sale of cement	RM10,450,003
Holcim Marketing (Malaysia) Sdn Bhd	08.01.1988; Malaysia	100.00	Marketing, trading and manufacture of cement and related products	RM500,000
Lafarge Aggregates (Kota Tinggi) Sdn Bhd (formerly known as ISB Kuari Kota Tinggi Sdn Bhd)	24.01.1991; Malaysia	100.00	Quarrying and trading of granite and quarry products	RM8,300,000
Geocycle Malaysia Sdn Bhd	27.03.2008; Malaysia	100.00	Trading of any type of cementitious materials usable in the production of cement or concrete for use in the construction industry	RM2,000,000
Geocycle Environmental Services Sdn Bhd	24.01.1981; Malaysia	100.00	Carrying on business in the area of industrial ecology	RM8,227,029

The immediate holding company of LMB is AIC, a company incorporated in the United Kingdom. AIC's direct shareholding in the Company is 433,344,693 shares, representing a 51.0% interest in the issued and paid-up share capital of the Company. AIC is in turn a wholly-owned indirect subsidiary of LafargeHolcim. Accordingly, LafargeHolcim is deemed to hold 51.0% of the issued and paid-up share capital of the Company. The Directors regard LafargeHolcim as LMB's ultimate holding company.

2.3 CLASS OF RELATED PARTIES

The Related Parties with whom the RRPTs are carried out or may from time to time be entered into are the Major Shareholders of LMB, which comprise AIC (the immediate holding company of LMB), Lafarge (the penultimate holding company of LMB), LafargeHolcim (the ultimate holding company of LMB) and persons connected with the Major Shareholders (i.e. AIC, Lafarge and LafargeHolcim), which are the subsidiaries of LafargeHolcim, Lafarge and AIC referred to in **Section 2.4** below.

The principal activities and place of incorporation of the Major Shareholders are as follows:-

	Company	Place of Incorporation	Principal Activities	Relation to LMB Group
(1)	AIC	United Kingdom	Investment Holding	51.0% direct interest in LMB
(2)	LafargeHolcim	Switzerland	Investment Holding	Ultimate holding company of LMB with 51% indirect interest

2.4 NATURE OF RECURRENT RELATED PARTY TRANSACTIONS CONTEMPLATED UNDER THE PROPOSED RECURRENT RPT MANDATE

The nature of the RRPTs between the LMB Group and the Related Parties are as set out hereinbelow. The Proposed Recurrent RPT Mandate will enable the Company to undertake these transactions with the respective Related Parties. The estimated value for the respective RRPTs during the validity period of the Proposed Recurrent RPT Mandate are arrived at based on historical trends for the relevant transactions or transactions of similar nature.

PROPOSED RECURRENT RPT MANDATE				EXISTING RECURRENT RPT MANDATE	
Related Parties & Nature of Interest	Nature of Transactions	Companies Dealing with the Related Party	Estimated Aggregate Value (@) of Proposed Recurrent RPT Mandate (RM'000) #Note 1	Estimated Aggregate Value (^) of Existing Recurrent RPT Mandate (RM'000)	Actual Value Transacted (*) up to 31 March 2018 (RM'000)
LafargeHolcim Trading Pte Ltd ("LHTPL") Subsidiary of LafargeHolcim	Sale(s) and/or purchase(s) of cement, clinker and oil-well cement clinker between Lafarge Cement Sdn Bhd ("LCSB") and/or Lafarge Cement Singapore Pte Ltd ("LCS") through LHTPL	LCSB LCS	280,000	200,000	86,085
Lafarge Asia Sdn Bhd ("Lafarge Asia") & Cementia Asia Sdn Bhd (In Members' Voluntary Liquidation) ("CASB") Subsidiaries of LafargeHolcim	Annual Rental of office premises to Lafarge Asia by LCSB (payable on a monthly basis) (Total space: 9,054 square feet)	LCSB	– #Note 3	500	170
Holcim East Asia Business Service Center B.V. ("HEABS")	Payment to HEABS for provision of shared services center and consultancy services	LMB (for all the operating subsidiaries)	13,000	13,000	5,874
HEABS and/or Holcim Services (South Asia) Limited ("HSSA")	Payment to HEABS and/or HSSA for provision of regional IT Services and Project Management Services	LMB (for all the operating subsidiaries)	19,200	19,200	14,936

PROPOSED RECURRENT RPT MANDATE				EXISTING RECURRENT RPT MANDATE	
Related Parties & Nature of Interest	Nature of Transactions	Companies Dealing with the Related Party	Estimated Aggregate Value (@) of Proposed Recurrent RPT Mandate (RM'000) #Note 1	Estimated Aggregate Value (^) of Existing Recurrent RPT Mandate (RM'000)	Actual Value Transacted (*) up to 31 March 2018 (RM'000)
Lafarge S.A. and/or Holcim Technology Ltd ("HTL") and/or LafargeHolcim Building Materials (China) Co. Ltd ("LBMC") Subsidiaries of LafargeHolcim	Specific Project technical assistance fees	LMB (for all the operating subsidiaries)	5,000	5,000	150
Lafarge S.A. Subsidiary of LafargeHolcim	Provision of Technical, Trademark Assistance and General Services	LMB (for all the operating subsidiaries)	38,000	38,000	15,966
PT Lafarge Indonesia ("Lafarge Indonesia") and/or Thalamar Shipping Ag ("TSA") and/or LH Shipping Pte Ltd ("LHS") and/or LHTPL Subsidiaries of LafargeHolcim	Chartering of vessel by LCS Shipping Pte Ltd ("LCSS") or by Jumewah Shipping Sdn Bhd ("JSSB") to or from Lafarge Indonesia, TSA, LHS and/or LHTPL	LCSS JSSB	25,000	25,000	8,123
Lafarge Asia & CASB Subsidiaries of LafargeHolcim	Service fees payable by Lafarge Asia & CASB to LSSB and LCSB	LSSB LCSB	300	1,500	722
LafargeHolcim Energy Solutions SAS ("LHES") Subsidiary of LafargeHolcim	Purchase of solid fuels (coal and petcoke) and freight services	LMB (for all the operating subsidiaries)	290,000	182,000	229,038
LHTPL Subsidiary of LafargeHolcim	Purchase of gypsum and anhydrite and freight services	LMB (for all the operating subsidiaries)	38,000	38,000	24,401
Lafarge (Beijing) Building Materials Technical Services Co., Ltd. ("LBMS") Subsidiary of LafargeHolcim	Service fees payable to LBMS for sourcing of equipment for cement, concrete and aggregates businesses	LMB (for all the operating subsidiaries)	830	500	168

PROPOSED RECURRENT RPT MANDATE				EXISTING RECURRENT RPT MANDATE	
Related Parties & Nature of Interest	Nature of Transactions	Companies Dealing with the Related Party	Estimated Aggregate Value (@) of Proposed Recurrent RPT Mandate (RM'000) #Note 1	Estimated Aggregate Value (^) of Existing Recurrent RPT Mandate (RM'000)	Actual Value Transacted (*) up to 31 March 2018 (RM'000)
LHTPL Subsidiary of LafargeHolcim	Purchase of raw copper slag from LHTPL as an alternative raw material in the cement business	LMB (for all the operating subsidiaries)	980	980	577
Holcim Singapore Ltd ("HSL") Subsidiary of LafargeHolcim	Payment of cost of manpower, management, rental and administrative services to/from HSL for cement terminal operations	LMB (for all the operating subsidiaries)	9,000	510	150
LHTPL Subsidiary of LafargeHolcim	Purchase of cement and slag through LHTPL	LCS	100,000	100,000	46,992
HSL Subsidiary of LafargeHolcim	Sale and/or purchase of cement, slag and PBFC	LCS	21,000 #Note 2	–	17,286
TOTAL			840,310	624,190	450,638

@ The estimated value of the RRPT from 23 May 2018 to the date of the next AGM. The values are merely indicative estimates which are based on historical trends and may be subject to changes.

^ The estimated value of the RRPT as disclosed in the preceding year's Circular to Shareholders dated 25 April 2017 for the period from 23 May 2017 to 23 May 2018.

* The actual value of the RRPT transacted from the date of the AGM held on 23 May 2017 to 31 March 2018, being the latest practicable date prior to the printing of this Circular.

#Note 1: The estimated transaction values are based on information available to the respective operating companies at the point of estimation. Due to the nature of the transactions, the actual value of the transactions may vary from the estimated value disclosed above. Disclosures will be made in the Annual Report 2018 of the Company of the actual aggregate value of transactions conducted pursuant to the Proposed Recurrent RPT Mandate during the financial year, with a breakdown of the aggregate value of the RRPTs based on the type, the names of the related parties involved and their relationship with the Company.

#Note 2: Proposed new mandates for RRPT.

#Note 3: No further mandate required for this RRPT.

2.5 RATIONALE FOR AND BENEFITS TO THE COMPANY

The RRPTs entered or to be entered into from time to time by LMB and its subsidiaries with the Related Parties are all in the ordinary course of business. They are on-going and/or are likely to occur with some degree of frequency and/or arise at any time and from time to time. These transactions may be constrained by the time sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPTs. As such, the Board is seeking shareholders' approval for the Proposed Recurrent RPT Mandate pursuant to Paragraph 10.09 of Listing Requirements for the RRPTs described in **Section 2.4** above to allow the Company to enter into or continue to transact and conduct such RRPTs.

The RRPTs undertaken or to be undertaken are or will be on normal commercial term basis and on terms not more favourable to the Related Parties than those that could be arranged with unrelated parties, where comparable services, sales or purchases are obtainable from unrelated parties and are not to the detriment of the minority shareholders.

The Proposed Recurrent RPT Mandate is crucial to ensure continuing day-to-day operations of the Company. By obtaining the Proposed Recurrent RPT Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur or need to be entered into would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Company or adversely affecting the business opportunities available to the Company.

The sale and purchase of goods and the provision of services between the LMB Group and the Related Parties have the advantage of reliability in terms of the quality of goods, the standard of service and support provided, in-depth sharing of product information and knowledge; and further enable the resources and the technical know-how of the LafargeHolcim Group to be called upon to enhance support and technical services to customers generally. In addition, by transacting with Related Parties, the LMB Group would have the added advantage of confidence and familiarity with the background, financial well-being and management of these Related Parties, thus enabling more informed commercial decisions to be made and ensuring timely recovery of business debts from such parties.

With regards to the agreement for the provision of technical, trademark assistance and general services, LafargeHolcim has the specialised expertise, technical competencies and/or facilities and infrastructure required for the provision of such services. Furthermore, the centralisation of these services within the LafargeHolcim Group helps to develop specialised expertise for use by relevant members of the LafargeHolcim Group and generate savings from the economies of scale for all recipient companies.

All RRPTs where goods are sold or services rendered by LMB Group to the Related Parties are subject to normal credit terms of between 30 to 60 days. As of the date of this Circular, none of these RRPTs where sums are due and owing to LMB Group by the Related Parties exceed the applicable credit terms. Accordingly, no late payment charges have been imposed nor have actions been taken to necessitate recovery of any outstanding amounts due.

2.6 METHOD/PROCEDURES FOR MONITORING RECURRENT RELATED PARTY TRANSACTIONS

To ensure that the RRPTs are conducted at arm's length and on normal commercial terms and on terms and price which are reasonable and are not more favourable to the Related Party than those that could be arranged with unrelated parties, where comparable services, sales or purchases are obtainable from unrelated parties, and that they will not be detrimental to the minority shareholders, the management will continue to review and/or monitor these transactions to ensure that they are negotiated and entered into on arm's length willing buyer willing seller basis and consistent with the LMB Group's usual prudent business practices and policies to maximise profit or minimise cost, taking into account the following factors:-

- (a) the competitiveness in pricing;
- (b) level of service and technical support;
- (c) standard and quality of the product and/or services;
- (d) experience, track record and competence;
- (e) the availability of stock, resources and personnel; and
- (f) prevailing market conditions.

In assessing the competitiveness in pricing, the management will rely on and make comparison with known or existing market rates or prices for similar or comparable goods or services available in domestic or regional markets based on quotations, feedback, surveys or studies carried out and/or other exchanges of information. Where possible, at least two contemporaneous transactions with unrelated third parties for similar products or services and/or quantities will be used for comparison to determine whether the price and terms offered to/by the related 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.

Where it is not possible to obtain quotation or comparative pricing from unrelated third parties or comparable goods and/or services are not available from unrelated third parties, the transaction price is or will be determined in accordance with and/or based on consideration of the advantage and/or added value to the LMB Group of the following in the transaction:-

- (a) reliability in terms of the quality of goods, the standard of service and support provided, in-depth sharing of product information and knowledge; the resources and the technical know-how of the Related Party that can be called upon to enhance support and technical services to customers generally; and/or
- (b) confidence in and familiarity with the background, operation, financial well-being and management of the Related Party, enabling more informed commercial decisions to be made and ensuring timely recovery of business debts from such related parties; and/or
- (c) the savings from the economies of scale and the prospects of developing specialised expertise from the centralised provision of the goods and services within the LafargeHolcim Group that could be beneficial to all recipient companies of the LafargeHolcim Group,

in ensuring that the RRPT is not detrimental to the Company or the LMB Group.

In addition, the internal auditors will review from time to time the terms of all RRPTs to ensure consistency and compliance with the Proposed Recurrent RPT Mandate.

2.7 REVIEW BY THE AUDIT COMMITTEE OF THE PROCEDURES FOR RECURRENT RELATED PARTY TRANSACTIONS

The overall responsibility of reviewing and determining whether the procedures for monitoring of all RRPTs are appropriate shall rest on the Audit Committee. The Audit Committee shall have the authority to delegate this responsibility to such individuals within the Company or the LMB Group as it shall deem fit. Where there is such delegation, the Audit Committee shall establish a system to review the procedures from time to time. Whether such authority is delegated or otherwise, the responsibility still remains with the Audit Committee.

The review procedures for RRPTs are as follows:-

- (a) The threshold for the approval of such transactions is that all RRPTs are tabled at the Audit Committee meetings for approval. The Audit Committee shall have the right of access to information on the Related Parties and is entitled to the services of an independent adviser, if required, in the discharge of their duties.
- (b) The Audit Committee shall also review and ascertain whether the guidelines and procedures established to monitor RRPTs have been complied with and/or are adequate to ensure the transactions are conducted at arm's length basis and on normal commercial terms consistent with the Company's usual business practices and policies and are not more favourable to the Related Parties than those that could be arranged with unrelated parties, where comparable services, sales or purchases are obtainable from unrelated parties, and are not detrimental to the minority shareholders.
- (c) The Audit Committee shall also have the discretion to request for limits to be imposed or for additional procedures to be followed if it should consider such request to be appropriate.

2.8 DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

Disclosure will be made in the Annual Report 2018 of the Company of the aggregate value of RRPTs conducted pursuant to the Proposed Recurrent RPT Mandate during the financial year with a breakdown of the aggregate value of the RRPTs based on the type, the names of the related parties involved and their relationship with the Company. Disclosure will also be made in the annual reports for subsequent financial years during the period the Proposed Recurrent RPT Mandate remains in force.

2.9 STATEMENT FROM THE AUDIT COMMITTEE

The Audit Committee, having reviewed the terms of the Proposed Recurrent RPT Mandate, is satisfied that the review procedures are sufficient to ensure that the Recurrent RPTs will be made in accordance with the Company's usual prudent business practices and policies and on terms which are not more favourable to the Related Parties than those that could be arranged with unrelated parties, where comparable services, sales or purchases are obtainable from unrelated parties, and will not be to the detriment of the minority shareholders, and hence, will not be prejudicial to the shareholders or disadvantageous to the Company.

In addition, the Audit Committee is satisfied that the management of the LMB Group have in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and that these procedures and processes are reviewed by the management on a yearly basis.

2.10 CONDITION FOR THE PROPOSED RECURRENT RELATED PARTY TRANSACTIONS MANDATE

The Proposed Recurrent RPT Mandate is subject to the approval of shareholders of the Company at the forthcoming AGM to be convened.

3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed herein, none of the other Directors, Major Shareholders and persons connected with the Directors and/or Major Shareholders as defined in the Listing Requirements has any interest, direct or indirect in the Proposed Recurrent RPT Mandate.

Mr Martin Kriegner, Mr Mario Gross, Mr Michael Lim Yoke Tuan, Ar. Datuk Tan Pei Ing and Mr John Stull, being directors of the Company representing LafargeHolcim are deemed to be interested parties and hence have and will abstain from all deliberations and voting on the resolutions of the Board pertaining to the Proposed Recurrent RPT Mandate. Neither Mr Martin Kriegner, Mr Mario Gross, Mr Michael Lim Yoke Tuan, Ar. Datuk Tan Pei Ing and Mr John Stull have any direct or deemed interests in the shares of LMB.

The Major Shareholders, namely, AIC and LafargeHolcim, will abstain from voting in respect of their direct and indirect shareholdings on the Proposed Recurrent RPT Mandate at the forthcoming AGM. AIC, LafargeHolcim and the five (5) directors who are deemed interested parties, namely, Mr Martin Kriegner, Mr Mario Gross, Mr Michael Lim Yoke Tuan, Ar. Datuk Tan Pei Ing and Mr John Stull have undertaken to ensure that persons connected with them, if any, will abstain from voting on the resolution, deliberating or approving the Proposed Recurrent RPT Mandate at the forthcoming AGM.

Direct and Indirect Interest of Major Shareholders in LMB as at 27 March 2018

Name	Place of Incorporation/ Nationality	Direct		Indirect	
		No. of Ordinary Shares	Percentage of Share Capital	No. of Ordinary Shares	Percentage of Share Capital
LafargeHolcim Ltd ("LH")	Switzerland	–	–	⁽¹⁾ 433,344,693	51.00
Associated International Cement Limited ("AIC")	United Kingdom	433,344,693	51.00	–	–
Blue Circle International Holdings BV ("BCIH")	Netherlands	–	–	⁽²⁾ 433,344,693	51.00
Lafarge International Holdings Limited ("LIHL")	United Kingdom	–	–	⁽³⁾ 433,344,693	51.00
Lafarge Finance Ltd ("LFL")	Jersey	–	–	⁽⁴⁾ 433,344,693	51.00
Lafarge Building Materials Limited ("LBML")	United Kingdom	–	–	⁽⁵⁾ 433,344,693	51.00
Financiere Lafarge SA ("FLSA")	France	–	–	⁽⁶⁾ 433,344,693	51.00
SOFIMO*	France	–	–	⁽⁷⁾ 433,344,693	51.00
Lafarge SA ("Lafarge")	France	–	–	⁽⁸⁾ 433,344,693	51.00
Employees Provident Fund Board ("EPF")	Malaysia	51,228,105	6.03	⁽⁹⁾ 13,850,400	1.63
AmanahRaya Trustees Berhad –Amanah Saham Bumiputera ("AmanahRaya")	Malaysia	70,028,100	8.24	–	–

* Societe Financiere Immobiliere et Mobiliere

Notes:-

⁽¹⁾ LH : Deemed interest via its indirect interest in the shares of AIC, through its indirect interest in BCIH, LIHL, LFL, LBML, FLSA and SOFIMO, and direct interest in Lafarge SA following the successful completion of a public exchange offer by Holcim Ltd for Lafarge S.A. shares and completion of merger between Lafarge SA and Holcim Ltd.

⁽²⁾ BCIH : Deemed interest by virtue of its 100% shareholding in AIC.

⁽³⁾ LIHL : Deemed interest by virtue of its 100% shareholding in BCIH.

⁽⁴⁾ LFL : Deemed interest by virtue of its shareholding in LIHL.

⁽⁵⁾ LBML : Deemed interest by virtue of its shareholding in LIHL and LFL.

⁽⁶⁾ FLSA : Deemed interest by virtue of its 100% shareholding in LBML.

⁽⁷⁾ SOFIMO : Deemed interest by virtue of its 100% shareholding in FLSA.

⁽⁸⁾ Lafarge : Deemed interest by virtue of its 100% shareholding in SOFIMO.

⁽⁹⁾ EPF : Held through Aberdeen Asset Management, Nomura Asset Management, RHB Investment, AberIslamic and PHEIM.

4. DIRECTORS' RECOMMENDATION

Having considered the rationale and all relevant factors for the Proposed Recurrent RPT Mandate, the Board, with the exception of the Directors deemed to be interested, namely, Mr Martin Kriegner, Mr Mario Gross, Mr Michael Lim Yoke Tuan, Ar. Datuk Tan Pei Ing and Mr John Stull are of the opinion that the Proposed Recurrent RPT Mandate is in the best interest of the Company.

The Board, with the exception of Mr Martin Kriegner, Mr Mario Gross, Mr Michael Lim Yoke Tuan, Ar. Datuk Tan Pei Ing and Mr John Stull who have abstained from making a recommendation on the Proposed Recurrent RPT Mandate, recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Recurrent RPT Mandate to be tabled at the forthcoming AGM.

5. ANNUAL GENERAL MEETING

For the purpose of considering and if thought fit, passing the ordinary resolution pertaining to the Proposed Recurrent RPT Mandate, an AGM, the notice of which is enclosed with the Annual Report of the Company for the financial year ended 31 December 2017, will be held at the Ballroom 3, First Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 at 2.00 p.m.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible so as to arrive at the registered office of the Company at Level 12, Bangunan TH Uptown 3, No. 3, Jalan SS21/39, 47400 Petaling Jaya, Selangor Darul Ehsan not later than twenty-four (24) hours before the time set for holding 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 forthcoming AGM should you subsequently wish to do so.

6. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of Directors of
LAFARGE MALAYSIA BERHAD

Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar
Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of LMB who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any information, data or statement herein misleading.

2. MATERIAL LITIGATION

LMB and its subsidiaries are not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors of LMB have no knowledge of any proceedings pending or threatened against LMB or its subsidiaries or of any other facts likely to give rise to any proceedings which may materially affect the position and business of LMB and its subsidiaries save as follows:

CLAIM BY SINGAPOREAN COMPTROLLER OF INCOME TAX ("COMPTROLLER") AGAINST LMCB HOLDING PTE LTD ("LMCBH") AND LAFARGE MALAYSIA BERHAD ("LMB") IN THE HIGH COURT OF SINGAPORE

LMB and LMCB Holding Pte Ltd ("LMCBH") were served with a Writ of Summons in respect of a claim in the High Court of Singapore by the Comptroller of Income Tax ("Writ") for repayment of the sum of SGD9,589,816.84.

The particulars of the claim under the Writ are as follows:

- (i) Repayment of the sum of SGD9,589,816.84;
- (ii) Further or in the alternative, damages to be assessed;
- (iii) Further or in the alternative, tracing;
- (iv) Interest pursuant to section 12 of the Singaporean Civil Law Act (the amount claimed is not stated in the Writ);
- (v) Costs; and
- (vi) Such further and/or other relief as the Court deems fit.

The Writ was filed in High Court of the Republic of Singapore on 2 May 2014 and served on LMB on 17 June 2014 and on LMCBH on 20 June 2014. The details of the circumstances leading to the filing of the Writ are as follows:

- (i) LMCBH received from Inland Revenue Authority of Singapore (IRAS) in January 2005, September 2005 and November 2006, tax refunds for Years of Assessment ("YA") 2004 to 2006 amounting to the sum claimed under the Writ.
- (ii) Expected refunds for YA 2007 and 2008 amounting to SGD7,525,000 were recognised as a tax receivable in our financial statements for the relevant financial periods.
- (iii) In 2008, LMCBH received Notices of Additional Assessment from the Comptroller for YA 2004 to 2006 by which the Comptroller sought a return of the refunds made for those years, and a Notice of Original Assessment for YA 2007 giving rise to a tax payable instead of a tax receivable in that YA.
- (iv) In October 2008, LMCBH appealed to the Income Tax Board of Review ("Board") against all the Notices of Additional Assessment received for YA 2004 to 2006 and the Notice of Original Assessment for YA 2007. The Board upheld the decision of the Comptroller.
- (v) In April 2011, LMCBH filed an appeal to the High Court against the decision at the Board.
- (vi) In December 2012, the High Court allowed LMCBH's appeal against the Notices of Additional Assessment in connection with the tax refunds received by LMCBH for YA 2004 to 2006. The High Court also discharged the Notice of Original Assessment for YA 2007.
- (vii) In January 2013, LMCBH and the Comptroller filed appeals to the Court of Appeal against the aspects of the High Court decision that were unfavourable to them.
- (viii) On 26 February 2014, the Court of Appeal issued its written grounds of decision. The Court of Appeal disallowed the Comptroller's appeal in respect of the Notices of Additional Assessment for YA 2004 to 2006 and allowed the Comptroller's appeal in respect of the Notice of Original Assessment for YA 2007. The Court of Appeal also disallowed LMCBH's appeal against certain other aspects of the High Court decision which were unfavourable to LMCBH. As a result of the Court of Appeal's decision, the sum refunded to LMCBH for YA 2004 to 2006 was unaffected, and it was decided that the amount of SGD3,971,977.60 for YA 2007 will not be refunded to LMCBH and accordingly, the tax refund was written off by the Group in the year ended 31 December 2013.

LMCBH is a wholly owned subsidiary of LMB. Its' paid up share capital is SGD225,000,002. It is an investment holding company and is not a major subsidiary of LMB. The Writ will not have any material adverse impact on the Group's financial position or its operations. If the claim for the repayment of the sum of SGD9,589,816.84 is successful, there will be a return of the amounts of tax refunded to LMCBH previously. LMB and LMCBH consider that there is no basis for the legal action and have appointed lawyers. The case is ongoing and is still at the pre-trial stage. Hearing dates of appeals relating to certain interim applications have been fixed on 3 and 11 September 2018.

3. MATERIAL CONTRACTS

Neither LMB nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the 2 years immediately preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of LMB at Level 12, Bangunan TH Uptown 3, No. 3, Jalan SS 21/39, 47400 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the AGM:-

- (i) Constitution of LMB;
- (ii) Audited accounts of LMB Group for the two (2) financial years ended 31 December 2016 and 31 December 2017; and
- (iii) The relevant cause papers in respect of the material litigation referred to in Section 2 of this Appendix I.

LAFARGE MALAYSIA BERHAD

(Company No. 1877-T)
(Incorporated in Malaysia)

EXTRACT OF ORDINARY RESOLUTION FOR RENEWAL OF MANDATE AS WELL AS PROPOSED NEW MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

As Special Business

Item 6: Ordinary Resolution No. 9

To consider and, if thought fit, to pass the following as an Ordinary Resolution:

Proposed renewal of shareholders' mandate as well as proposed new mandate for Lafarge Malaysia Berhad ("LMB") and its subsidiaries ("LMB Group") to enter into Recurrent Related Party Transactions ("RRPTs") of a revenue or trading nature which are necessary for the day to day operations of the LMB Group ("Proposed Recurrent RPT Mandate").

"That, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and its subsidiaries ("LMB Group") be hereby authorised to enter into or transact all recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in **Section 2.4** of the Circular to Shareholders dated 24 April 2018 subject further to the following:-

- (i) the transactions are necessary for day to day operations, carried out in the ordinary course of business, on normal commercial terms and on terms which are not more favourable to the Related Party than those that could be arranged with unrelated parties, where comparable services, sales or purchases are so obtainable from such unrelated parties and are not to the detriment of the minority shareholders;
- (ii) disclosure be made in the annual report of the aggregate value of the transactions conducted pursuant to the Proposed Recurrent RPT Mandate during the financial year with a breakdown of the aggregate value of the RRPTs based on the type, the names of the Related Parties involved and their relationship with the Company and otherwise in accordance with the provisions of the Listing Requirements of the Bursa Securities; and
- (iii) that the authority conferred by the Proposed Recurrent RPT Mandate shall continue to be in 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 AGM, the authority is renewed;
 - (b) the expiration of the period within which the next AGM of LMB 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 resolution passed by the shareholders in an AGM or EGM,whichever is the earlier.

THAT the Directors and/or any one of them be hereby authorised to complete and do all such acts and things that they/he may consider expedient or necessary (including the amendment and/or execution of such documents as may be required) to give effect to the Proposed Recurrent RPT Mandate."

PART B

**SHARE BUYBACK STATEMENT IN RELATION TO
THE PROPOSED RENEWAL OF AUTHORITY FOR PURCHASE
BY THE COMPANY OF ITS OWN SHARES (“SHARE BUYBACK”)**



LAFARGE MALAYSIA BERHAD

(Company No. 1877-T)
(Incorporated in Malaysia)

SHARE BUYBACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY THE COMPANY OF ITS OWN SHARES

INTRODUCTION

At the 67th Annual General Meeting (“AGM”) of Lafarge Malaysia Berhad (“LMB” or “the Company”) held on 23 May 2017, the Directors obtained the approval of its shareholders for the Company to purchase and/or hold up to 84,969,547 of its own shares representing 10% of the issued share capital of LMB through the Bursa Malaysia Securities Berhad (“Bursa Securities”).

In accordance with the Listing Requirements of the Bursa Securities, the authority from the shareholders, which took effect upon the passing of the ordinary resolution for the Share Buyback, will expire at the conclusion of the next AGM unless the authority is renewed.

The purpose of this Statement is to provide you with the details of and to seek your approval for the proposed renewal of the authority for Share Buyback at the forthcoming 68th AGM to be held at the Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 23 May 2018 at 2.00 p.m. The Notice convening the AGM together with the Form of Proxy are enclosed together with the Annual Report of the Company for the financial year ended 31 December 2017.

PURCHASES OR RESALE OF TREASURY SHARES MADE PURSUANT TO THE EXISTING AUTHORITY

Under the currently existing authority, the Company had not carried out any Share Buyback during the period from May 2017 until 26 April 2018, being the date of this Statement. Hence there are no treasury shares up to the date of this Statement.

PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUYBACK

Your Directors now propose to seek shareholders’ approval for a renewal of the authority for the Share Buyback at the forthcoming 68th AGM to be held on 23 May 2018.

As at 27 March 2018, the total issued share capital of the Company is RM849,695,476 comprising 849,695,476 ordinary shares. Under the renewed authority for the Share Buyback, the maximum number of shares which may be purchased by the Company will be ten per cent (10%) of the issued share capital of the Company or 84,969,547 shares, subject always to the maximum amount of funds which will be backed by an equivalent amount of retained earnings.

On 23 February 2018, the Company announced to the Bursa Securities its decision to seek its shareholders’ approval for the proposed renewal of the authority for the Share Buyback at the forthcoming AGM.

The renewed authority for the Proposed Share Buyback will be effective immediately upon passing of the ordinary resolution and will continue to be in force until the conclusion of the next AGM (at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, 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 unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first.

The Directors may retain the shares so purchased as treasury shares or cancel them or both. An appropriate announcement will be made to the Bursa Securities in respect of the intention of the Directors together with the rationale, whether to retain the shares so purchased as treasury shares or to cancel them or both, if the Share Buyback is executed. An immediate announcement shall be made upon each purchase or resale of the shares.

SOLVENCY STATEMENT UNDER THE NEW COMPANIES ACT 2016

Following the coming into force of the Companies Act 2016, the Directors wish to highlight that notwithstanding the approval by the shareholders of this authority for Share Buyback, prior to exercising the Proposed Share Buyback, the Directors shall be required to issue a solvency statement which is in compliance with the provisions of Sections 112 and 113 of the Companies Act 2016.

REASON AND RATIONALE FOR THE SHARE BUYBACK

The Share Buyback will enable the Company to utilise its financial resources to purchase its own shares and to enhance the return on equity. This may result in an increase in the Company's earnings per share ("EPS") in the event of the cancellation of the shares bought back by the Company and is expected to have a positive impact on the market price of the Company's shares.

The actual number of shares to be purchased, the total amount of funds involved for each purchase, and the timing of the purchase will depend on the market conditions and sentiments of the stock market as well as the financial resources available to the Company.

SOURCE OF FUNDS FOR THE SHARE BUYBACK

The Directors wish to highlight that as a share premium account is no longer relevant under the Companies Act 2016, the Directors shall ensure that the Proposed Share Buyback shall be made wholly out of retained earnings only. As of 31 December 2017, the audited retained earnings of the Company were RM390 million. As such the maximum fund to be allocated by the Company for the Share Buyback and which will be backed by an equivalent amount of retained earnings is RM390 million. Although the cash flow of the Company and the LMB Group will be reduced to the extent of the number of shares bought and the amount of the purchase consideration, the Company does not foresee any difficulty and the Share Buyback is not expected to have a negative impact on the financial strength of the LMB Group.

POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE SHARE BUYBACK

The Share Buyback will allow the Company to utilise its financial resources with no immediate use to purchase its own shares on the Bursa Securities and as a result of which may help enhance the EPS of the Company. The maintenance of the share price is important as it will reduce the effects of the volatile fluctuation of the prices of LMB's shares in the stock market as well as to protect investors' confidence in LMB. Both are important in facilitating the Company's future fund raising exercises through the equity market.

The Share Buyback will, however, reduce the financial resources of LMB and may result in LMB having to forego any good investment opportunities which may emerge in future. It may also result in a lower amount of cash dividends that can be declared to shareholders as funds are being diverted to purchase of its own shares.

LMB may stand to realise a potential gain if the shares so purchased and kept as treasury shares are subsequently resold at prices higher than the purchase prices.

Nevertheless, the Directors will be mindful of the interests of LMB and its shareholders in carrying out the Share Buyback.

EFFECTS OF THE SHARE BUYBACK

On the assumption that the Share Buyback is carried out in full, the effects on the share capital, NTA, working capital, cash flow and earnings of LMB are as set out below:-

Share Capital

The Share Buyback will result in the issued share capital of LMB as at 27 March 2018 to be reduced by 84,969,547 ordinary shares from RM849,695,476 comprising 849,695,476 ordinary shares to RM764,725,929 comprising 764,725,929 ordinary shares if the shares so purchased are fully cancelled.

	No. of shares	RM
Existing issued share capital as at 27 March 2018	849,695,476	849,695,476
No. of shares to be cancelled pursuant to the Share Buyback	84,969,547	84,969,547
Upon completion of the Share Buyback	764,725,929	764,725,929

Net Tangible Assets ("NTA"), Working Capital and Cash Flow

The Share Buyback is likely to reduce the NTA per share of the Company and the LMB Group if the purchase price exceeds the NTA per share of the LMB Group at the time of purchase and will reduce the working capital of the LMB Group, the quantum of which depends on, amongst others, the number of shares eventually purchased and the purchase prices of the shares.

For shares so purchased which are kept as treasury shares, upon its resale, the NTA of the LMB Group and the working capital of the Company will increase assuming that a gain has been realised. Again, the quantum of the increase in NTA will depend on the actual selling price of the treasury shares and the number of treasury shares resold. The cash flow of the Company and the LMB Group will be reduced and the extent of the cash flow reduction will depend on the number of shares purchased and the purchase prices of the shares.

Earnings

All things being equal, the Share Buyback, whether the shares to be purchased are maintained as treasury shares or cancelled, will result in a lower number of LMB's shares being used for the purpose of computing the EPS of the Company. The extent of the effects of the Share Buyback on the EPS of the LMB Group will depend on the relevant purchase prices of the shares purchased and the effective funding cost to the LMB Group to finance the purchase of the shares or any loss of interest income to the Company.

In the event that the treasury shares are resold on the open market, the EPS of the LMB Group may also increase if the Company realises a gain from the resale, and vice-versa. Assuming that the shares purchased are being retained as treasury shares and subsequently resold, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or loss arising from the resale.

Dividends

Assuming the Share Buyback is implemented in full and LMB's dividend quantum is maintained at historical level, the Share Buyback will have the effect of increasing the dividend rate of LMB as a result of the reduction in the issued share capital of LMB as described herein above.

In respect of the financial year ended 31 December 2016, two interim single-tier dividends have been declared and paid as shown below:

- First interim single-tier dividend of 3.0 sen per ordinary share of RM1.00 each paid on 27 July 2016; and
- Second interim single-tier dividend of 2.0 sen per ordinary share of RM1.00 each paid on 27 October 2016;

In respect of the financial year ended 31 December 2017, there was no dividend declared and paid.

IMPLICATIONS OF THE CODE

Based on the Company's Register of Substantial Shareholders as at 27 March 2018, it is unlikely that the provisions on mandatory takeovers under the Code on Take-Overs and Mergers 2010 (as may be amended from time to time and any re-enactment thereof) will be triggered by any shareholder of LMB solely by reason of the Share Buyback being carried out in full.

PUBLIC SHAREHOLDING SPREAD

As at 27 March 2018, the public shareholding spread of the Company was 48.999%. The public shareholding spread is expected to be reduced to 43.331% assuming the Share Buyback is implemented in full with the purchase from the market and all the shares so purchased are cancelled. The Directors will ensure that the Company complies with the public shareholding spread requirement and will not buy back shares if the purchase would result in the public shareholding spread requirement not being met.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

Save for the inadvertent increase in the percentage shareholding and/or voting rights of the shareholders as a consequence of the Share Buyback, none of the Directors and Major Shareholders of the Company or persons connected to them has any interest, direct or indirect, in the Share Buyback.

DIRECTORS' STATEMENT AND RECOMMENDATION

Having considered the rationale for the Share Buyback, your Directors wish to advise that the proposed renewal of the authority for Share Buyback is in the best interest of the Company and accordingly, recommend that you vote in favour of the ordinary resolution for renewal of the authority for the Share Buyback to be tabled at the forthcoming AGM of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of the Company, who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any information, data or statement herein misleading.

LAFARGE MALAYSIA BERHAD

(Company No. 1877-T)
(Incorporated in Malaysia)

EXTRACT OF ORDINARY RESOLUTION FOR PROPOSED RENEWAL OF SHARE BUYBACK AUTHORITY

As Special Business

Item 7: Ordinary Resolution No. 10

To consider and, if thought fit, to pass the following as an Ordinary Resolution:

Proposed Renewal of Authority for Purchase of own shares by the Company (“Share Buyback”).

“THAT subject to the provisions of the Companies Act, 2016 (“the Act”), the Company’s Constitutions and the requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant government and/or regulatory authorities, the Company is hereby authorised to purchase such number of ordinary shares of the Company (“Share Buyback”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit provided that the aggregate number of shares to be purchased pursuant to this resolution does not exceed 84,969,547 ordinary shares representing ten per cent (10%) of the issued share capital (inclusive of treasury shares) of the Company and an amount not exceeding the retained earnings of the Company be allocated by the Company for the Share Buyback;

AND THAT at the discretion of the Directors, upon such purchase by the Company of its own shares, the purchased shares be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends or resold on Bursa Securities;

AND THAT the Directors of the Company be hereby authorised to take all such steps as are necessary or expedient and to enter into any agreements, arrangements and guarantees with any party or parties to implement or to effect the purchase(s) of the Company’s shares with full powers to assent to any conditions, notifications, revaluations, variations (if any) as may be required by the relevant authorities and to do all such acts and things that they/he may consider expedient or necessary (including the amendment and/or execution of such documents as may be required) to give effect to the Share Buyback;

AND THAT the authority hereby given shall commence immediately upon the passing of this resolution and shall continue to be in force until (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it shall lapse unless by ordinary resolution passed at the AGM, the authority is renewed either unconditionally or subject to conditions; or (ii) the expiration of the period within which the next AGM is required by law to be held or (iii) unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, whichever occurs first, but not so as to prejudice the completion of the purchase of its own shares by the Company entered into before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities.”