

## General Announcement

Submitted

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Type \* **Announcement**

Subject \*: **TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)**

RELATED PARTY TRANSACTIONS

### **Description** \*:-

**(Note : Please enter the announcement description in this field and the announcement details in the Announcement Details/Table Section or attach the full announcement details as an attachment)**

ACQUISITION OF CEMENT MILL AND ANCILLARIES FROM LAFARGE CIMENT (ROMANIA) S.A. AT A TOTAL CASH CONSIDERATION OF EUR10,663,044 (EURO TEN MILLION SIX HUNDRED SIXTY THREE THOUSAND AND FORTY FOUR ONLY) PURSUANT TO THE SALE AND PURCHASE AGREEMENT DATED DECEMBER 23, 2014

### **Announcement Details/Table Section** :-

**(This field is for the details of the announcement, if applicable)**

#### 1.0 INTRODUCTION

LMB wishes to announce pursuant to Paragraph 10.08 (1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") that it had through its wholly owned subsidiary, Associated Pan Malaysia Cement Sdn Bhd ("APMC"), in the ordinary course of business entered into a Related Party Transaction ("RPT") via a Sale and Purchase Agreement ("SPA") executed on December 23, 2014 as set out below ("the Acquisition"):

Related Party	Nature of Transaction	Consideration
LAFARGE CIMENT (ROMANIA) S.A. ("Seller")	Acquisition from Related Party of a Cement Mill and ancillaries ("Equipment")	Euro 10,663,044  (equivalent to approximately RM45,960,000)

#### 2.0 DETAILS OF THE ACQUISITION

##### 2.1 Information on the Equipment

The Equipment is a cement mill (Pfeiffer MPS5300) acquired from the Related Party. The Equipment has been stored in an unused state in Medgidia Romania.

## 2.2 Information on the Seller

The Seller is a company incorporated in Romania having its registered office at Piata Charles de Gaulle nr. 15, etaj 1si 2, sector 1, Bucarest 011857, Romania, with Lafarge S.A. being its ultimate shareholder.

## 2.3 Salient terms of the SPA

The salient terms and conditions of the SPA include, amongst others, the following:

The Seller shall supply to the Buyer the Equipment, including the main machine, auxiliaries, electrical, instrumentation, automation parts inclusive of commissioning spare parts as indicated in the Annex A to the SPA and shall be in the unused state and condition as first received by the Seller from the Manufacturer.

The Seller shall deliver the Equipment to the point of delivery as stipulated in Annex A to the SPA and in accordance with the INCOTERMS 2010.

The Seller warrants and undertakes to the Buyer that the Buyer shall obtain good title to all Equipment purchased under the SPA free of all claims, liens, charges and encumbrances and any other risks, and shall ensure that the Buyer obtains a royalty-free, exclusive license in perpetuity to use all intellectual property rights which the Buyer requires in order to gain full beneficial use of the Equipment.

## 2.4 PAYMENT OF THE PURCHASE CONSIDERATION

Subject to the terms of the SPA, the Purchase Consideration shall be paid in cash by the Buyer in 2 tranches, the first tranche of Euro 1,000,000 shall be retained as the Retention Sum to be utilised by the Buyer for the Manufacturer's Warranty. The second tranche of Euro 9,663,044 shall be payable within thirty (30) days upon receipt of the Mill by the Buyer in Port Klang, Malaysia.

The Purchase Consideration shall be satisfied in cash from internally generated funds. There are no liabilities to be assumed by LMB Group arising from the Acquisition.

## 3.0 RATIONALE FOR THE ACQUISITION

The Acquisition is within the ordinary course of business of LMB Group and made on arm's length basis on competitive commercial terms not more favourable to the related party than those generally available to the public.

## 4.0 BASIS OF ARRIVING AT THE PURCHASE CONSIDERATION

The Purchase Consideration of EUR10,663,044 (equivalent to approximately RM45,960,000) was arrived at on a willing-buyer-willing seller basis and at no gain for the Seller.

## 5.0 RISK FACTORS

Other than the transactional risk pertaining to the Acquisition, the Board of Directors does not foresee any other significant risk arising from the Acquisition.

## 6.0. FINANCIAL EFFECTS

### 6.1 Issued and paid-up capital

The Acquisition will not have any effect on the issued and paid-up share capital of LMB as it does not involve any issuance of shares in LMB.

## 6.2 Substantial shareholders' shareholdings

The Acquisition will not have any effect on LMB's substantial shareholders' shareholding in LMB as it does not involve any issuance of shares in LMB.

## 6.3 Net assets ("NA"), NA per share and gearing

The Acquisition is not expected to have a material effect on the net assets per share and gearing of LMB for the financial year ending 31 December 2014.

## 6.4 Earnings and earnings per share ("EPS")

The Acquisition is not expected to have a material effect on the EPS of LMB for the financial year ending 31 December 2014.

## 7.0 HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable for the Acquisition pursuant to Paragraph 10.02(g) of Bursa Malaysia Securities Berhad Main Market Listing Requirements is 1.44%.

## 8.0 ESTIMATED TIME FRAME FOR THE COMPLETION OF THE ACQUISITION

The Acquisition is expected to be completed by the first (1<sup>st</sup>) quarter of calendar year 2015.

## 9.0 APPROVAL REQUIRED

The Acquisition is not subject to the approval of the shareholders of LMB or any relevant authorities.

## 10.0 TOTAL AMOUNT TRANSACTED BY THE RELATED PARTIES

There is no other transaction entered into between the Related Party with LMB Group for the preceding twelve (12) months.

## 11.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for Christian Herrault, Bradley Mulrone, Jean-Claude Block and Sapna Sood, none of the Directors or major shareholders of LMB (other than Lafarge S.A. and its related companies) or persons connected to them have any interest, direct and indirect, in the Acquisition.

## 12.0 STATEMENT BY THE BOARD AND THE AUDIT COMMITTEE

The Board of Directors of LMB (with the exception of Christian Herrault, Bradley Mulrone, Jean-Claude Block and Sapna Sood who have abstained and will continue to abstain from deliberating and voting on the Acquisition at all relevant Board meetings), having considered all aspects of the Acquisition, is of the opinion that the Acquisition is established under normal commercial terms and is in the best interest of LMB and not to the detriment of the minority shareholders of LMB.

In addition, the Audit Committee, having considered all aspects of the Acquisition, including the rationale, is of the opinion that they are:

- (i) in the best interest of LMB Group;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of LMB's minority shareholders.

### 13.0 DOCUMENT FOR INSPECTION

The SPA will be available for inspection at the registered office of LMB at Level 12, Bangunan TH Uptown 3, No. 3, Jalan SS21/39, 47400 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated December 23, 2014.