

## JOHORE TIN BERHAD (“JTB” or “the Company”)

### NON-RELATED PARTY TRANSACTION

- **ADDITIONAL SUBSCRIPTION OF 1,078,667 (ONE MILLION SEVENTY EIGHT THOUSAND SIX HUNDRED SIXTY SEVEN) ORDINARY AND NOMINATIVE SHARES IN ABLE DAIRIES DE MEXICO (“ABLE DAIRIES MEXICO”) BY ABLE DAIRIES SDN. BHD. (“ABLE DAIRIES”), A WHOLLY-OWNED SUBSIDIARY OF JTB FOR \$107,866,700 (ONE HUNDRED SEVEN MILLION NINE HUNDRED SIX THOUSAND SEVEN HUNDRED PESOS 00/100 MEXICAN CURRENCY) (“the Additional Subscription”)**

#### 1. **INTRODUCTION**

The Board of Directors of Johore Tin Berhad (“JTB”) wishes to announce that Able Dairies, a wholly-owned subsidiary of JTB, has on 3rd September 2019 subscribed additional **1,078,667** (One Million Seventy Eight Thousand Six Hundred and Sixty Seven) ordinary and nominative shares, Series “C”, Class II, each with face value of \$100.00 (one hundred pesos 00/100 Mexican Currency), on its equivalent to the amount of USD5,589,427.43 (United States Dollar: Five Million Five Hundred Eighty Nine Thousand Four Hundred Twenty Seven And Cents Forty Three Only), on the variable portion of Able Dairies Mexico at total amount of \$107,906,700.00 (One Hundred Seven Million Nine Hundred Six Thousand Seven Hundred Pesos 00/100 Mexican Currency) representing **43.13%** equity in Able Dairies Mexico comprising of 1,079,067 shares in Mexico.

#### 2. **BACKGROUND OF ABLE DAIRIES MEXICO**

Able Dairies Mexico is a Company incorporated in the city of **Guadalajara, Jalisco, Mexico on 10 May, 2017** with current Capital Stock of \$250,201,900.00 comprising fixed portion of 2,502,019 ordinary and nominative Shares each with face value of \$100 (One Hundred Pesos 00/100 Mexican Currency). The nature of business of Able Dairies Malaysia is wholesale of dairy products.

#### 3. **RATIONALE AND PROSPECT**

The Joint Venture (“JV”) will pave the way for the JV parties to be strategic business partners to set-up the production facilities in Mexico for the production and supply of dairy products for Mexico and its surrounding countries.

The Board of Directors of JTB are confident that Able Dairies Mexico will contribute to the long-term future earnings of JTB.

#### 4. **SOURCE OF FUNDING**

The JV will be funded from internally generated funds.

#### 5. **FINANCIAL EFFECTS**

##### **5.1 Earnings per share**

The JV is not expected to have any material effect on the earnings of JTB for the financial year ending 31 December 2019.

## **5.2 Net Asset per share**

The JV is not expected to have any material effect on the net assets per share of JTB for the financial year ending 31 December 2019.

## **5.3 Gearing**

The JV will not have any effect on the gearing of JTB.

## **5.4 Share Capital and Substantial Shareholders' shareholdings**

The Additional Subscription will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the additional subscription of shares does not involve any issuance of shares of JTB.

## **6. RISK FACTORS**

The proposed JV will not materially change the risk profile of JTB Group's business. Able Dairies Mexico will operate in a related industry to which JTB Group operate in. Hence, JTB will be exposed to similar business, operational and financial risks inherent in the industry. These risks include but not limited to the followings:-

- i. Risks relating to our business and operations:-
  - a) Business risks;
  - b) Accidents during transportation;
  - c) Environmental regulation;
  - d) Financial risks; and
  - e) Competition and new entrants.
- ii. Risks relating to the industry in which our Group operates:-
  - a) Political and economic risks;
  - b) Foreign currency risk; and
  - c) Raw materials volatility risk.

## **7. HIGHEST PERCENTAGE RATIO**

Based on the latest audited financial statements of JTB for the financial year ended 31 December 2018, the highest percentage ratio applicable to the acceptance of this Additional Subscription of Shares pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is **7.51%**.

## **8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors and/or major shareholders of JTB and/or persons connected to the Directors and/or major shareholders of JTB have any interest, direct or indirect, in the transaction.

**9. APPROVAL OF SHAREHOLDERS AND THE RELEVANT AUTHORITIES**

The Additional Subscription does not require the approvals of the shareholders of JTB nor of any government authorities.

**10. DIRECTORS' RECOMMENDATION**

The Board of Directors of JTB, having considered all aspects of the subscription and is of the opinion that it is in the best interest of the JTB Group.

This announcement is dated 18 September 2019.