



General Announcement

Initiated by **MB_CIMB3** on **12/04/2000 05:02:56 PM**

Submitted by **MB_CIMB3** on **12/04/2000 07:05:15 PM**

Reference No **MM-000412-61376**

(Submitted)

ASIATIC DEVELOPMENT BERHAD ("ASIATIC" OR THE "COMPANY")

PROPOSED EXECUTIVE SHARE OPTION SCHEME FOR ELIGIBLE EXECUTIVES AND EXECUTIVE DIRECTORS OF ASIATIC AND ITS SUBSIDIARIES ("PROPOSED ESOS"); AND

PROPOSAL FOR PURCHASE OF OWN SHARES ("PROPOSED SHARE BUY-BACK")

(hereinafter collectively referred to as the "Proposals")

1. INTRODUCTION

On behalf of Asiatic, Commerce International Merchant Bankers Berhad ("CIMB") is pleased to announce that the Company proposes to implement an executive share option scheme ("ESOS") for eligible executives and Executive Directors of Asiatic and its subsidiaries ("Asiatic Group").

The Company will also be seeking the approval of the shareholders of Asiatic at an Extraordinary General Meeting ("EGM") to purchase on the Kuala Lumpur Stock Exchange ("KLSE"), such number of shares representing up to ten percent (10%) of the issued and paid-up ordinary share capital of the Company subject to the prevailing laws and relevant regulations, rules and guidelines as may be issued by the relevant authorities and the availability of retained profits and/or share premium account of the Company.

2. DETAILS OF THE PROPOSALS

2.1 Proposed ESOS

The Proposed ESOS will involve the granting of options to eligible executives and Executive Directors of the Asiatic Group to subscribe for new ordinary shares of RM0.50 each in the Company. The Proposed ESOS will be in operation for a period of ten (10) years commencing from the date the last of the approvals required for the Proposed ESOS, as indicated in Section 6 below, is obtained.

The maximum number of shares available under the Proposed ESOS will not exceed ten percent (10%) of the issued and paid-up share capital of Asiatic, including all the ordinary shares in the Company which were issued under a previous ESOS implemented by the Company, at the time of the offer of the ESOS options to the eligible executives and Executive Directors of the Asiatic Group.

The new ordinary shares of RM0.50 each in the Company to be issued pursuant to the Proposed ESOS shall, upon issue and allotment, rank pari passu in all respects with the existing Asiatic shares of RM0.50 each save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as at the close of business on which the shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or other distributions) of which is prior to the date of allotment of the said shares.

2.2 Proposed Share Buy-Back

The Company proposes to purchase up to a maximum of 74,133,000 ordinary shares of RM0.50 each in Asiatic representing approximately ten percent (10%) of the issued and paid-up share capital of the Company as at 31 December 1999 comprising 741,335,000 ordinary shares of RM0.50 each, on the KLSE through one or more stockbrokers (subject to the approval of the KLSE) to be appointed at a later date. The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back until the conclusion of the next Annual General Meeting of Asiatic unless earlier revoked or varied by ordinary resolution of shareholders of Asiatic in a general meeting.

The Company may retain the purchased shares as treasury shares, or to cancel the shares purchased or a combination of both. The purchased shares held as treasury shares may either be distributed as share dividends, resold on the KLSE in accordance with the relevant rules of the KLSE or subsequently cancelled. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or the share premium account of the Company subject to applicable prevailing laws.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed ESOS

The objective of the Proposed ESOS is to motivate executives of the Company and its subsidiaries towards better performance through greater dedication and loyalty with a view to enhancing productivity. The Proposed ESOS is also intended to reward and retain eligible executives and Executive Directors whose services are vital to the operations and continued growth of the Asiatic Group.

3.2 Proposed Share Buy-Back

The Proposed Share Buy-Back will enable the Asiatic Group to utilise its surplus financial resources to purchase the shares in Asiatic. The Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the price of the shares in Asiatic.

The purchased shares could be held as treasury shares and resold on the KLSE with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. In the event of a distribution of the treasury shares as share dividends, it will serve to reward the shareholders of the Company.

4. FINANCIAL EFFECTS OF THE PROPOSALS

4.1 Proposed ESOS

4.1.1 Share Capital

The Proposed ESOS will not have an immediate effect on the existing issued and paid-up share capital of Asiatic. However, it will increase progressively depending on the number of ESOS options exercised thereto.

Assuming the full exercise of the options granted pursuant to the Proposed ESOS, the effect of the Proposed ESOS on the issued and paid-up share capital of the Company is as shown in Table 1 below.

4.1.2 Net Tangible Assets ("NTA")

The Proposed ESOS will not have any immediate effect on the NTA of the Group. However, the NTA per share of the Asiatic Group will increase at the point of exercise of the ESOS option if the exercise price exceeds the NTA per share of the Asiatic Group. Conversely, if the exercise price is below the NTA per share of the Asiatic Group, it will reduce the NTA per share of the Asiatic Group at the point of exercise of the ESOS option.

4.1.3 Earnings

The Proposed ESOS is not expected to have any material effect on the earnings of the Asiatic Group for the financial year ending 31 December 2000.

4.2 Proposed Share Buy-Back

4.2.1 Share Capital

In the event that all the shares purchased are cancelled, the Proposed Share Buy-Back will result in the issued and paid-up share capital of Asiatic as at 31 December 1999 being reduced from RM370,667,500 comprising 741,335,000 ordinary shares of RM0.50 each in Asiatic to RM333,601,000 comprising 667,202,000 ordinary shares of RM0.50 each in Asiatic. However, it is not expected to have any effect on the issued and paid-up share capital if all the shares purchased are retained as treasury shares.

4.2.2 NTA

The effects of the Proposed Share Buy-Back on the NTA per share of the Group will depend on the purchase prices of shares in Asiatic and the effective funding cost or loss in interest income to the Company.

If all the shares purchased are cancelled, the Proposed Share Buy-Back would reduce the NTA per share of the Asiatic Group when the purchase price exceeds the NTA per share at the relevant point in time. Conversely, the NTA per share of the Asiatic Group would be increased when the purchase price is less than the NTA per share at the relevant point in time.

4.2.3 Earnings

The effect of the Proposed Share Buy-Back on the earnings of the Asiatic Group will depend on the purchase prices of shares in Asiatic and the effective funding cost or loss in interest income to the Company.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 Proposed ESOS

Tan Sri Mohd Amin bin Osman, Dato' Baharuddin bin Musa, Dato' Lim Kok Thay and Tan Sri Lim Goh Tong, being Executive Directors of Asiatic Group, are eligible to participate in the Proposed ESOS. They are therefore deemed interested in respect of their respective entitlements under the Proposed ESOS. Accordingly, they have and will continue to abstain from all votings at the relevant Board Meetings to consider their respective entitlements under the Proposed ESOS. They will also abstain from voting in respect of their direct and indirect shareholdings in Asiatic on the ordinary resolution pertaining to their respective entitlements under the Proposed ESOS at the forthcoming EGM.

Save as disclosed above, none of the other Directors or substantial shareholders of Asiatic or persons connected to them has any interest, direct or indirect, in the Proposed ESOS.

5.2 Proposed Share Buy-Back

Save for the resulting increase in percentage shareholdings of shareholders in the Company as a consequence of the Proposed Share Buy-Back if the shares purchased are cancelled, none of the Directors and substantial shareholders of the Company or persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back.

6. CONDITIONS OF THE PROPOSALS

6.1 Proposed ESOS

The Proposed ESOS is subject to approvals being obtained from the following:-

- (i) The Securities Commission ("SC");
- (ii) The KLSE for the Bye-Laws, and for the listing of and quotation for the new Asiatic shares to be issued pursuant to the Proposed ESOS;
- (iii) The Registrar of Companies for the Bye-Laws; and
- (iv) Shareholders of Asiatic at an EGM to be convened.

6.2 Proposed Share Buy-Back

The Proposed Share Buy-Back is conditional upon the approval of the shareholders of Asiatic at an EGM to be convened and the Articles of Association of the Company being amended accordingly to facilitate the Proposed Share Buy-Back.

7. DIRECTORS' RECOMMENDATION

Your Directors, after careful deliberation and with the advice of CIMB, are of the opinion that the Proposals are in the best interest of the Company.

8. TIMING OF SUBMISSION TO THE SC

A submission to the SC for the Proposed ESOS is expected to be made within six (6) months from the date of this announcement.

9. ADVISER

CIMB has been appointed by Asiatic as the Advisor for the Proposals.

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

TABLE 1

		No. of ordinary shares of RM0.50 each
Existing as at 31 December 1999		741,335,000
10% of the existing share capital as at 31 December 1999		
	74,133,000	
Less: Options exercised pursuant to the previous ESOS implemented by Asiatic	<u>(16,184,000)</u>	
To be issued pursuant to the Proposed ESOS		<u>57,949,000</u>
Enlarged share capital		<u>799,284,000</u>