

## BURSA MALAYSIA BERHAD (“BMB” OR “COMPANY”)

- (I) PROPOSED BONUS ISSUE OF UP TO 269,834,150 NEW ORDINARY SHARES IN BMB (“BMB SHARES”) (“BONUS SHARES”) ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING BMB SHARES HELD (“PROPOSED BONUS ISSUE”); AND
- (II) PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES’ SHARE GRANT PLAN OF UP TO FOUR PERCENT (4%) OF THE ISSUED SHARE CAPITAL OF BMB (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME (“PROPOSED ESGP”)

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

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### 1. INTRODUCTION

On behalf of the Board of Directors of BMB (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that the Company proposes the following:

- (i) to undertake a bonus issue of up to 269,834,150 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing BMB Shares held on an entitlement date to be determined later (“**Entitlement Date**”); and
- (ii) to establish and implement a new employees’ share grant plan (“**ESGP**”) of up to four percent (4%) of the issued share capital of the Company (excluding treasury shares) at any point in time for the award of new BMB Shares (“**ESGP Shares**”) to any executive director and/or key employee of BMB and its subsidiaries (“**BMB Group**”) excluding dormant subsidiaries (“**Participating BMB Group**”), who fulfill the criteria for eligibility (“**Eligible Employees**”) which will be stipulated in the by-laws governing the ESGP (“**By-Laws**”).

### 2. DETAILS OF THE PROPOSALS

#### 2.1 Proposed Bonus Issue

##### 2.1.1 Basis and number of Bonus Shares

The Proposed Bonus Issue involves the issuance of up to 269,834,150 Bonus Shares on the basis of one (1) Bonus Share for every two (2) existing BMB Shares held by the shareholders of BMB whose name appear in the Record of Depositors of the Company at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

As at 31 October 2017, being the latest practicable date prior to this Announcement (“**LPD**”), there are 537,500,900 BMB Shares in issue. In addition, BMB also has 2,562,200 outstanding BMB Shares granted (“**SGP Shares**”) under its existing share grant plan (“**Existing SGP**”) (“**Outstanding SGP Shares**”) as at the LPD, of which 2,167,400 Outstanding SGP Shares are likely to be vested.

Assuming none of the Outstanding SGP Shares as at the LPD are vested on or prior to the Entitlement Date (“**Minimum Scenario**”), 268,750,450 Bonus Shares will be issued and hence, the enlarged issued share capital of BMB will comprise of 806,251,350 BMB Shares.

Assuming 2,167,400 Outstanding SGP Shares as at the LPD are vested on or prior to the Entitlement Date (“**Maximum Scenario**”), 269,834,150 Bonus Shares will be issued and hence, the enlarged issued share capital of BMB will comprise of 809,502,450 BMB Shares.

In any event, the actual number of Bonus Shares to be issued will depend on the number of BMB Shares in issue on the Entitlement Date. Fractional entitlements arising from the Bonus Shares, if any, shall be dealt with by the Board in such manner as it may in its absolute discretion deems fit and expedient, and in the best interest of the Company.

The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

## 2.1.2 Capitalisation of Reserves

The Proposed Bonus Issue shall be capitalised from the share premium and retained earnings accounts of BMB at an amount of RM0.50 per Bonus Share. For information, RM0.50 is the previous par value of each BMB Share before the effective date of the Companies Act, 2016 (“Act”).

For illustration purposes, the proforma effects of the Proposed Bonus Issue on the share premium and retained earnings accounts of BMB based on the Company’s latest audited financial statements for the financial year ended (“FYE”) 31 December 2016 and latest unaudited financial statements for the 9 months financial period ended (“FPE”) 30 September 2017 are as follows:

### FYE 31 December 2016

<u>Company level</u>	<u>Minimum Scenario</u>		<u>Maximum Scenario</u>	
	<u>Share premium</u>	<u>Retained earnings</u>	<u>Share premium</u>	<u>Retained earnings</u>
	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>
Audited as at 31 December 2016	119,052	167,313	119,052	167,313
Add:				
- Dividends received from the subsidiaries of BMB <sup>(2)</sup>	-	236,500	-	236,500
Less:				
- Dividends paid to shareholders of BMB <sup>(3)</sup>	-	(279,334)	-	(279,334)
- Assuming 2,167,400 Outstanding SGP Shares are vested <sup>(4)</sup>	-	-	-	(14,715)
- Estimated expenses relating to the Proposals <sup>(5)</sup>	-	(590)	-	(590)
- Amount to be capitalised pursuant to the Proposed Bonus Issue	<u>(119,052)</u>	<u>(15,323)</u>	<u>(119,052)</u>	<u>(15,865)</u>
<b>Balance after the Proposed Bonus Issue</b>	<b><u>-</u></b>	<b><u>108,566</u></b>	<b><u>-</u></b>	<b><u>93,309</u></b>

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## FPE 30 September 2017

Company level	Minimum Scenario		Maximum Scenario	
	Share premium	Retained earnings	Share premium	Retained earnings
	RM'000	RM'000	RM'000	RM'000
Unaudited as at 30 September 2017	119,052 <sup>(1)</sup>	110,109	119,052 <sup>(1)</sup>	110,109
Less:				
- Assuming 2,167,400 Outstanding SGP Shares are vested <sup>(4)</sup>	-	-	-	(14,715)
- Estimated expenses relating to the Proposals <sup>(5)</sup>	-	(590)	-	(590)
- Amount to be capitalised pursuant to the Proposed Bonus Issue	(119,052)	(15,323)	(119,052)	(15,865)
<b>Balance after the Proposed Bonus Issue</b>	<b>-</b>	<b>94,196</b>	<b>-</b>	<b>78,939</b>

### Notes:

- (1) With the Act coming into effect on 31 January 2017, the credit standing in the share premium account of RM119,052,000 has been transferred to the share capital of the Company. Pursuant to subsection 618(3) of the Act, the Company may exercise its right to use the credit amounts being transferred from share premium account for purposes of bonus issue, subject to Practice Note No. 1/2017 ("PN 1/2017") issued by the Companies Commission of Malaysia ("CCM"), within 24 months after the commencement of the Act.
- (2) Represents the dividends received from subsidiaries of the Company, namely Bursa Malaysia Securities Berhad, Bursa Malaysia Derivatives Berhad, Bursa Malaysia Securities Clearing Sdn Bhd, Bursa Malaysia Depository Sdn Bhd and Bursa Malaysia Information Sdn Bhd on 29 March 2017 of RM125.5 million and 16 August 2017 of RM111.0 million.
- (3) After taking into consideration of the following:
- (i) Payment of the final single tier dividend of 17 sen per BMB Share in respect of the FYE 31 December 2016 on 18 April 2017; and
- (ii) Payment of the interim single tier dividend of 20 sen per BMB Share and special single tier dividend of 15 sen per BMB Share in respect of the financial year ending 31 December 2017 on 23 August 2017.
- (4) Represents the portion of fair value to be recognised as expense over the remaining vesting period of the 2,167,400 Outstanding SGP Shares prior to their vesting.
- (5) Comprising professional fees, estimated fees payable to the relevant authorities, printing cost and expenses relating to convening of the extraordinary general meeting ("EGM").

The Board confirms that the Proposed Bonus Issue and the implementation of the Proposed Bonus Issue is and will be in full compliance with the Act and PN 1/2017 issued by the CCM for the purpose of subsection 618(3) of the Act. The Board also confirms that the reserves required for the capitalisation of the Proposed Bonus Issue is adequate and unimpaired by losses on a consolidated basis based on the Company's latest audited financial statements for the FYE 31 December 2016 as well as the Company's latest unaudited financial statements for the 9 months FPE 30 September 2017 in accordance with Paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

### 2.1.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issuance, rank equally in all respects with the then existing BMB Shares, save and except that the Bonus Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid, the entitlement date of which precedes the date of allotment of the Bonus Shares.

### 2.1.4 Adjustment to the number of Outstanding SGP Shares pending vesting under the Existing SGP

The Proposed Bonus Issue will give rise to the grant of additional Outstanding SGP Shares pending vesting under the Existing SGP pursuant to the adjustment to be made in accordance with the provisions of the by-laws governing the Existing SGP.

### 2.1.5 Listing and quotation of the Bonus Shares

An application will be made to the Securities Commission Malaysia (“**SC**”) for the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities.

## 2.2 Proposed ESGP

The Proposed ESGP entails the establishment of a new employees’ share grant plan for the award of ESGP Shares to the Eligible Employees.

The Board Nomination and Remuneration Committee or such other committee as may be established by the Board to administer the Proposed ESGP (“**ESGP Committee**”) has full discretion to determine the composition of the corporations within the Participating BMB Group that will be eligible to participate in the Proposed ESGP. In addition, the Company may from time to time within the period of the Proposed ESGP, at the discretion of the ESGP Committee, grant the Eligible Employees an award of ESGP Shares (“**Grant**”), in the form of restricted share plan (“**RSP**”) and/or performance share plan (“**PSP**”).

Subject to acceptance of the Grant, the ESGP Shares will be vested to the Eligible Employees at a future date(s) provided that the conditions determined by the ESGP Committee in respect of the Proposed ESGP are met.

In implementing the Proposed ESGP, the ESGP Committee may at its discretion decide that the vesting of any ESGP Shares comprised in the Grant be satisfied by any of the following methods:

- (i) allotment and issuance of new BMB Shares by the Company to the Eligible Employees selected by the ESGP Committee to whom a Grant is made (“**Grantee(s)**”) or to the trustee (to be appointed by BMB) and, where applicable, the transfer of such BMB Shares by the trustee to the Grantees;
- (ii) acquisition of existing BMB Shares from the Main Market of Bursa Securities by the trustee followed by the transfer of such BMB Shares purchased by the trustee to the Grantees;
- (iii) any other methods as may be permitted by the Act; or
- (iv) any combination of the above.

For avoidance of doubt, the BMB Shares to be allotted and issued and/or transferred to the Grantees would not require any payment by the Grantees to the Company.

A trustee will be appointed to facilitate the implementation of the Proposed ESGP. The details of the trust arrangement are set out in Section 2.2.9 of this Announcement.

In considering the settlement mode of the Grant as described in (i) to (iv) above, the ESGP Committee will take into consideration factors, including but not limited to, the prevailing market price of the BMB Shares at the relevant time and the dilutive effects of such issuance on BMB's share capital base, funding consideration and cash requirements of the Participating BMB Group, and any applicable laws, regulatory requirements and/or administrative constraints. The method of settlement to be made by the Company to the Grantees shall be at the discretion of the ESGP Committee.

The Existing SGP was implemented on 18 April 2011 to enhance the competitiveness of the total remuneration package of the BMB Group. The Proposed ESGP will eventually replace the Existing SGP once the Existing SGP expires. The summary information on the Existing SGP is set out in the **Appendix** of this Announcement.

The salient terms of the Proposed ESGP are summarised below:

### **2.2.1 Details of the Grants**

#### **(i) RSP**

The RSP is a share plan for key employees and executive directors of the Participating BMB Group, to attract, retain and motivate them as well as align them to the overall shareholders' interest. This will strengthen retention effort for employees, especially with specialised skills, experience and knowledge that feed into succession management of the Participating BMB Group.

The RSP will be granted annually subject to achievement of annual corporate performance and individual performance targets.

The RSP grants are expected to be vested to the Grantees over a period of three (3) years, subject to their fulfilment of vesting conditions.

#### **(ii) PSP**

The PSP is a performance share plan for selected key senior management executives (including executive directors) who have supported and influenced the overall performance, profitability and success of the Participating BMB Group as may be designated by the ESGP Committee from time to time. The PSP will be aligned to the long term business plan of the Participating BMB Group in terms of strategic development objectives and key milestones towards overall vision and goals.

Unlike the RSP which is granted annually, the PSP is typically granted over a specified period of time to be determined by the ESGP Committee, subject to BMB's long term business plan cycle.

The PSP grants will only be vested at the end of the vesting period to be determined by the ESGP Committee, after fulfilling the performance conditions set out in the PSP.

## 2.2.2 Eligibility

Eligible Employees who meet the following criteria as at the date of the Grant shall be eligible for consideration by the ESGP Committee to participate in the Proposed ESGP:

- (i) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (ii) is employed on the payroll of any corporation in the Participating BMB Group, is not on probation and has not served a notice of resignation or received a notice of termination;
- (iii) if he/she is an executive director of BMB, the specific Grant awarded by the Company to him/her in his/her capacity as an executive director under the Proposed ESGP has been approved by the shareholders of BMB at a general meeting;
- (iv) is serving in a specific designation under an employment contract, excluding (a) those who are on short-term contract and (b) any other employees under contract as may be determined by the ESGP Committee;
- (v) is not participating or entitled to participate in any other employee share scheme implemented by any other corporation in the Participating BMB Group which is in force for the time being, save and except if the ESGP Committee determines otherwise;
- (vi) fulfils any other criteria and/or falls within such category as may be set by the ESGP Committee from time to time; and
- (vii) for the PSP, in addition to conditions (i) to (vi) above, such employee or director shall hold a key senior management position in the Participating BMB Group as designated by the ESGP Committee from time to time as at the date of the Grant.

The selection of any Eligible Employee for participation in the Proposed ESGP shall be made at the sole discretion of the ESGP Committee whose decision shall be final and binding.

For the avoidance of doubt, the ESGP Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out above, for purposes of selecting an Eligible Employee at any time and from time to time, at the ESGP Committee's discretion.

Eligibility under the Proposed ESGP does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under the Proposed ESGP, and an Eligible Employee does not acquire or have any right over, or in connection with, any Grant under the Proposed ESGP unless a Grant has been made by the ESGP Committee to that Grantee.

## 2.2.3 Quantum

The maximum number of BMB Shares which may be made available under the Proposed ESGP shall not exceed in aggregate four percent (4%) of the issued share capital of BMB (excluding treasury shares) at any point of time during the duration of the Proposed ESGP ("**Maximum ESGP Shares**").

In the event the aggregate number of BMB Shares which may be awarded under the Proposed ESGP exceeds the Maximum ESGP Shares at any point in time as a result of the Company purchasing or cancelling BMB Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of the Company's issued share capital, no further Grant shall be awarded by the ESGP Committee until such aggregate number of BMB Shares awarded falls below the Maximum ESGP Shares.

#### **2.2.4 Maximum allowable allocation and basis of allocation**

The aggregate maximum number of ESGP Shares that may be allocated to any one (1) category/designation of Eligible Employees shall be determined by the ESGP Committee provided that the allocation to any individual Eligible Employee who, either singly or collectively through persons connected with the Eligible Employee (as defined in the Listing Requirements), holds twenty percent (20%) or more of the issued share capital of the Company (excluding treasury shares), shall not exceed ten percent (10%) of the Maximum ESGP Shares.

The actual number of ESGP Shares to be allocated to the Eligible Employees shall be determined by the ESGP Committee at its sole discretion after taking into consideration factors which may include the Eligible Employees' position, job performance, seniority, duration of service, potential for future development, contribution to the success and development of the Participating BMB Group.

#### **2.2.5 Duration of the Proposed ESGP**

The Proposed ESGP shall take effect on a date when full compliance with the relevant requirements of the Listing Requirements has been attained ("**Effective Date**") and shall continue to be in force for a period of ten (10) years from the Effective Date ("**ESGP Period**"). All unvested ESGP Shares comprised in any Grant (whether fully or partially unvested) shall cease to be capable of vesting upon expiration of the ESGP Period.

#### **2.2.6 Ranking of and rights to the BMB Shares**

The new BMB Shares to be allotted and issued to the Grantees and/or to be allotted and issued and held by the trustee pursuant to the Proposed ESGP shall, upon allotment and issuance, rank equally in all respects with the then existing BMB Shares, except that they shall not be entitled to any dividends, rights, allotments and/or distributions ("**Right and Distribution**") which may be declared, made or paid, the entitlement date of which is prior to the date on which the new BMB Shares are allotted to the Grantees and/or trustee.

Notwithstanding the above, in respect of any BMB Shares held by the trustee pursuant to the Proposed ESGP (whether allotted and issued, or acquired), the Grantees shall not be entitled to any Right and Distribution attached to the BMB Shares until such BMB Shares have been credited into the Central Depository System ("**CDS**") accounts of the respective Grantees, upon vesting of such BMB Shares in the Grantee under the Proposed ESGP.

For the avoidance of doubt, any Right and Distribution which are attributable to BMB Shares held by the trustee but which are not transferred, vested or given to any Grantee shall accrue to the trustee and be dealt with in accordance with the trust deed to be entered into by the Company and the trustee constituting the trust ("**Trust**") to be executed between the trustee and the Company ("**Trust Deed**").

### **2.2.7 Administration**

The Proposed ESGP shall, subject to the By-Laws, be implemented and administered by the ESGP Committee in such manner as it shall, in its absolute discretion, think fit, in the best interest of the Company, provided that no member of the ESGP Committee and no Eligible Employee shall participate in any deliberation or decision in respect of Grants granted or to be granted to himself or any person connected to such Eligible Employee. The ESGP Committee shall comprise the members of the Nomination and Remuneration Committee or any such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the ESGP Committee, including its duties, powers and limitations.

### **2.2.8 Listing and quotation of the ESGP Shares**

An application will be made to the SC for the listing and quotation of such number of new BMB Shares representing up to four percent (4%) of the issued share capital of BMB (excluding treasury shares) to be issued under the Proposed ESGP on the Main Market of Bursa Securities.

### **2.2.9 Trust arrangement**

For the purpose of facilitating the implementation of the Proposed ESGP, the Company and/or the ESGP Committee will establish the Trust to be administered by a trustee in accordance with the Trust Deed. The trustee shall, at such times as the ESGP Committee shall direct, subscribe for and/or purchase the necessary number of BMB Shares to accommodate any transfer of ESGP Shares to the CDS accounts of the Grantees. For this purpose, the trustee will be entitled from time to time to the extent permitted by law and as set out under the By-Laws to accept funding and/or assistance, financial or otherwise from the Company and/or any company of the Participating BMB Group. The ESGP Committee shall have the discretion to instruct the trustee to subscribe new BMB Shares and/or acquire existing BMB Shares at any time and from time to time and also to revoke or suspend any such instruction that has earlier been given to the trustee.

For the purpose of administering the Trust, the trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the ESGP Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the trustee by the Trust Deed.

The ESGP Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any trustee as it deems fit in accordance with the provisions of the Trust Deed. The ESGP Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The ESGP Committee shall have the power from time to time, at any time, to negotiate with the trustee to amend the provisions of the Trust Deed.



### **3. RATIONALE FOR THE PROPOSALS**

#### **3.1 Proposed Bonus Issue**

The Board intends to undertake the Proposed Bonus Issue to reward the Company's shareholders for their loyalty and continuing support in the form of Bonus Shares as the Proposed Bonus Issue serves to:

- (i) increase the number of BMB Shares held by the Company's shareholders while maintaining their percentage of equity shareholding in the Company; and
- (ii) increase the liquidity of BMB Shares in the market and provide opportunity for greater participation by investors.

In addition, the Proposed Bonus Issue will allow the Company to fully utilise the credit amount which has been transferred from the share premium account to the share capital account within the timeframe allowed under the Act, i.e. within 24 months from 31 January 2017, being the commencement date of the Act.

#### **3.2 Proposed ESGP**

The Existing SGP was implemented on 18 April 2011 for a period of ten (10) years, and will expire on 17 April 2021. Under the Existing SGP, each grant of SGP Shares are subject to a certain vesting period and conditions before new BMB Shares are issued to the grantees. Although the maximum number of BMB Shares which may be issued under the Existing SGP is up to 10% of the issued share capital of BMB (excluding treasury shares), as at the LPD, only a total of 6,101,600 SGP Shares representing 1.14% of BMB Shares in issue have been vested.

Accordingly, the Board is proposing to establish the Proposed ESGP to replace the Existing SGP in order to continue driving desired corporate outcomes and behaviours for long term growth and sustainability. The Proposed ESGP serves as a long-term incentive plan, which would provide the Group with the flexibility to determine the most appropriate instrument to be granted to motivate, reward and retain key employees.

In addition, the Proposed ESGP is intended to:

- (i) strengthen the employees' alignment to the long term objectives and business plan of the BMB Group and promote enterprise leadership to drive returns, goal achievement and desired behavior towards BMB's vision and goals;
- (ii) create a more competitive total compensation package for performing employees;
- (iii) strengthen retention effort for employees, especially with specialised skills, experience and knowledge that feeds into succession management of the BMB Group;
- (iv) drive and motivate strong performance to create sustainable value enhancement for the organisation;
- (v) align BMB's shareholders' interest through achievement of BMB's long term strategic goals; and
- (vi) reward the Eligible Employees who support and influence the performance, profitability and success of the BMB Group as well as to motivate them towards superior performance.

**4. USE OF PROCEEDS**

The Company will not receive any proceeds from the Proposals given that the Bonus Shares and the ESGP Shares to be allotted and issued and/or transferred would not require any payment by the shareholders of the Company nor the Grantees, respectively.

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## 5. EFFECTS OF THE PROPOSALS

### 5.1 Share capital

The Proposed ESGP will not have any immediate effect on the share capital of BMB. However, the share capital of BMB will increase progressively as and when the new BMB Shares are allotted and issued pursuant to the vesting of the ESGP Shares comprised in the Grant under the Proposed ESGP.

For illustrative purposes, assuming that 2,167,400 Outstanding SGP Shares are vested prior to the Entitlement Date and the Maximum ESGP Shares made available under the Proposed ESGP are fully granted and vested by the issuance of new BMB Shares to the Grantees and that there is no other increase in the issued share capital of BMB during the ESGP Period, the proforma effect of the Proposals on the share capital of the Company as at the LPD is set out below:

	Minimum Scenario		Maximum Scenario	
	No. of BMB Shares	RM	No. of BMB Shares	RM
As at the LPD	537,500,900	396,918,868 <sup>(1)</sup>	537,500,900	396,918,868 <sup>(1)</sup>
Assuming 2,167,400 Outstanding SGP Shares are vested	-	-	2,167,400	18,109,652 <sup>(2)</sup>
	<b>537,500,900</b>	<b>396,918,868</b>	<b>539,668,300</b>	<b>415,028,520</b>
To be issued pursuant to the Proposed Bonus Issue	268,750,450	15,323,255 <sup>(3)</sup>	269,834,150	15,865,105 <sup>(3)</sup>
<b>After the Proposed Bonus Issue</b>	<b>806,251,350</b>	<b>412,242,123</b>	<b>809,502,450</b>	<b>430,893,625</b>
To be issued pursuant to the Proposed ESGP	32,250,054 <sup>(4)</sup>	322,165,139 <sup>(5)</sup>	32,380,098 <sup>(4)</sup>	323,464,227 <sup>(5)</sup>
<b>After the Proposed ESGP</b>	<b>838,501,404</b>	<b>734,407,262</b>	<b>841,882,548</b>	<b>754,357,852</b>

**Notes:**

- (1) Inclusive of share premium of RM119.1 million.
- (2) Computed based on the vesting of 2,167,400 Outstanding SGP Shares at a price equivalent to weighted average fair value of approximately RM8.3555 per SGP Share.
- (3) Computed based on total amount to be capitalised pursuant to the Proposed Bonus Issue (calculated as number of Bonus Shares at RM0.50 each) less share premium of RM119.1 million.
- (4) Computed based on four percent (4%) of the issued share capital of BMB following the Proposed Bonus Issue, which may be issued progressively over 10 years, being the duration of the Proposed ESGP.
- (5) Computed based on fair value of the Grants which is assumed to be equivalent to the 5-day volume weighted average market price of BMB Shares up to and including the LPD of RM9.9896 per BMB Share.

It should be noted that even if the Maximum ESGP Shares illustrated above are allocated to the Grantees, the actual number of BMB Shares to be issued may be less in view of the following:

- (i) only the Grantees who meet the vesting conditions would be entitled to the full vesting of the ESGP Shares allocated under their Grant; and/or
- (ii) the Grants may be satisfied through the transfer of existing BMB Shares acquired by the trustee from the Main Market of Bursa Securities, instead of via the allotment and issuance of new BMB Shares.

The maximum number of BMB Shares that can be issued pursuant to the Proposed ESGP, as illustrated in the table above, may be higher due to a larger share base arising from BMB Shares issued under the Proposed ESGP over the ESGP Period.

## **5.2 Substantial shareholders' shareholding**

The Proposed Bonus Issue will not have any effect on the percentage shareholding of the substantial shareholders of the Company as it is on a pro rata basis. However, the number of BMB Shares held by the substantial shareholders will increase proportionately as a result of the Proposed Bonus Issue.

The Proposed ESGP is not expected to have any immediate effect on the shareholdings of the substantial shareholders of BMB. The dilution to the substantial shareholders' shareholding in BMB will depend on the number of new BMB Shares allotted and issued at the relevant point in time pursuant to the Proposed ESGP.

For illustration purposes only, assuming that 2,167,400 Outstanding SGP Shares are fully vested prior to the Entitlement Date, the Maximum ESGP Shares made available under the Proposed ESGP are fully granted and vested by the issuance of new BMB Shares and there is no other increase in share capital of the Company during the ESGP Period, the proforma effect of the Proposals on BMB's substantial shareholders' shareholding is as follows:

### Minimum Scenario

	As at the LPD		After the Proposed Bonus Issue		After assuming full vesting of the ESGP Shares under the Proposed ESGP	
	No. of BMB Shares	%	No. of BMB Shares	%	No. of BMB Shares	%
	'000		'000		'000	
Capital Market Development Fund	100,200	18.64	150,300	18.64	150,300	17.92
Kumpulan Wang Persaraan (Diperbadankan)	91,253	16.98	136,880	16.98	136,880	16.32
Employees Provident Fund Board	38,608	7.18	57,912	7.18	57,912	6.91

### Maximum Scenario

	As at the LPD		After assuming vesting of 2,167,400 Outstanding SGP Shares		After the Proposed Bonus Issue		After assuming full vesting of the ESGP Shares under the Proposed ESGP	
	No. of BMB Shares	%	No. of BMB Shares	%	No. of BMB Shares	%	No. of BMB Shares	%
	'000		'000		'000		'000	
Capital Market Development Fund	100,200	18.64	100,200	18.57	150,300	18.57	150,300	17.85
Kumpulan Wang Persaraan (Diperbadankan)	91,253	16.98	91,253	16.91	136,880	16.91	136,880	16.26
Employees Provident Fund Board	38,608	7.18	38,608	7.15	57,912	7.15	57,912	6.88

### **5.3 Earnings and earnings per BMB Share (“EPS”)**

The Proposed Bonus Issue is not expected to have any material effect on the earnings and EPS of the BMB Group for the financial year ending 31 December 2017, save for the dilution in EPS as a result of the increase in the number of BMB Shares pursuant to the Proposed Bonus Issue, assuming that the earnings of the Group remain unchanged.

The extent of the effect of the Proposed ESGP on the BMB Group’s earnings and EPS cannot be determined at this juncture as it would depend on the fair value of the BMB Shares as at the respective date of the Grants. In accordance with the Malaysian Financial Reporting Standard No. 2 – Share Based Payments (“**MFRS 2**”), the cost arising from the awarding of the Grant is required to be measured at the grant date and recognised as an expense over the vesting period of the ESGP Shares comprised in such Grant, which may have an effect on the future earnings of the BMB Group.

However, such expense recognised does not represent a cash outflow as it is only an accounting treatment. For the avoidance of doubt, there will be cash outflow if the vesting of the new BMB Shares comprised in the Grants is fully or partly satisfied via transfer of existing BMB Shares acquired from the Main Market of Bursa Securities by the trustee.

The Board has taken note of the potential impact of MFRS 2 on the earnings of the BMB Group and will take proactive measures to manage the earnings impact in the awarding of the Grant and/or the vesting of the new BMB Shares pursuant to the Proposed ESGP.

### **5.4 Net assets (“NA”) and gearing**

In the case of settlement by issuance of new BMB Shares, the Proposed ESGP will not have an immediate effect on the consolidated NA and NA per BMB Share until such time as new BMB Shares are issued in connection with the vesting of the ESGP Shares. Any potential effect on the consolidated NA per BMB Share will depend on the number of ESGP Shares vested which will only be determined at the point of vesting.

In the case of settlement by transfer of existing BMB Shares acquired from the Main Market of Bursa Securities by the trustee, the Proposed ESGP will reduce the consolidated NA and NA per BMB Share.

The Proposals will not have any effect on the gearing of the BMB Group as the BMB Group does not have any borrowings as at the LPD.

For illustrative purpose, based on the latest audited consolidated statement of financial position of BMB as at 31 December 2016 and on the assumption that the Proposed Bonus Issue had been effected on that date, the proforma effect of the Proposed Bonus Issue on the NA of the BMB Group is as follows:

### Minimum Scenario

	Audited as at 31 December 2016	(I) Subsequent events <sup>(1)</sup>	(II) After (I) and the Proposed Bonus Issue
	RM'000	RM'000	RM'000
Share capital	268,136	402,169	417,492
Share premium	119,052	-	-
Other reserves			
- Share grant reserve	8,350	3,395	3,395
- Capital redemption reserve	5,250	-	-
- Other reserves	144,243	144,243	144,243
Retained earnings	323,909	39,799	23,886 <sup>(2)</sup>
<b>Total equity attributable to owners of the Company/NA</b>	<b>868,940</b>	<b>589,606</b>	<b>589,016</b>
No. of BMB Shares in issue ('000)	536,272	537,501	806,251
NA per BMB Share (RM) <sup>(3)</sup>	1.62	1.10	0.73

### Maximum Scenario

	Audited as at 31 December 2016	(I) Subsequent events <sup>(1)</sup>	(II) After (I) and after 2,167,400 Outstanding SGP Shares are vested	(III) After (II) and the Proposed Bonus Issue
	RM'000	RM'000	RM'000	RM'000
Share capital	268,136	402,169	420,279	436,144
Share premium	119,052	-	-	-
Other reserves				
- Share grant reserve	8,350	3,395	-	-
- Capital redemption reserve	5,250	-	-	-
- Other reserves	144,243	144,243	144,243	144,243
Retained earnings	323,909	39,799	25,084	8,629 <sup>(2)</sup>
<b>Total equity attributable to owners of the Company/NA</b>	<b>868,940</b>	<b>589,606</b>	<b>589,606</b>	<b>589,016</b>
No. of BMB Shares in issue ('000)	536,272	537,501	539,668	809,502
NA per BMB Share (RM) <sup>(3)</sup>	1.62	1.10	1.09	0.73

#### **Notes:**

- (1) Being adjustments arising from the following subsequent events from 1 January 2017 up to the LPD:
- (i) Vesting of 1,228,500 new BMB Shares under the Existing SGP;
  - (ii) Payment of the final single tier dividend of 17 sen per BMB Share in respect of the FYE 31 December 2016 on 18 April 2017;

- (iii) *Payment of the interim single tier dividend of 20 sen per BMB Share and special single tier dividend of 15 sen per BMB Share in respect of the financial year ending 31 December 2017 on 23 August 2017; and*
  - (iv) *The transfer of share premium and capital redemption reserve accounts of RM119,052,000 and RM5,250,000 respectively to the share capital account pursuant to the Act.*
- (2) *After capitalisation of retained earnings accounts for the Proposed Bonus Issue and estimated expenses relating to the Proposals of approximately RM590,000.*
  - (3) *Calculated as total equity attributable to owners of the Company/NA divided by number of BMB Shares in issue.*

## **5.5 Convertible securities**

As at the LPD, the Company does not have any convertible securities in issue.

## **6. APPROVALS REQUIRED**

The Proposals are subject to the following approvals being obtained:

- (i) the SC for the listing and quotation of the Bonus Shares and new BMB Shares to be issued under the Proposed ESGP on the Main Market of Bursa Securities;
- (ii) the SC for the listing and quotation of the new BMB Shares to be issued upon vesting of the additional Outstanding SGP Shares to be granted under the Existing SGP arising from the adjustment pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities;
- (iii) the shareholders of BMB at an EGM to be convened; and
- (iv) any other authorities/parties, if required.

The Proposals are not inter-conditional upon each other.

Save for the Proposals, there are no other corporate exercise/scheme which have been announced by the Company but pending completion as at the LPD.

## **7. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM**

None of the Directors, major shareholders and/or persons connected with them has any interest, direct and/or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of BMB under the Proposed Bonus Issue which are also available to all the other Entitled Shareholders.

Datuk Seri Tajuddin Bin Atan is deemed interested in the Proposed ESGP by virtue of his eligibility for the ESGP Shares in his capacity as the Chief Executive Officer, and Non-Independent Executive Director of BMB. Datuk Seri Tajuddin Bin Atan has abstained and will continue to abstain from deliberating and voting on any subject matter pertaining to the Proposed ESGP and his allocation under the Proposed ESGP at the Board meetings and will continue to abstain from voting in respect of his direct and/or indirect shareholdings in BMB (if any), on the resolutions pertaining to the Proposed ESGP and proposed allocation to him under the Proposed ESGP at the EGM to be convened. Further, Datuk Seri Tajuddin Bin Atan has also undertaken that he shall ensure that persons connected to him will abstain from voting in respect of their direct and/or indirect shareholdings in BMB (if any) on the resolutions approving the Proposed ESGP and proposed allocation to him under the Proposed ESGP at the EGM to be convened.



Save as disclosed above, none of the other Directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed ESGP.

**8. DIRECTORS' STATEMENT**

The Board (save for Datuk Seri Tajuddin Bin Atan in respect of the Proposed ESGP), having considered all aspects of the Proposals including but not limited to the rationale as well as effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

**9. ADVISER**

Maybank IB has been appointed as Principal Adviser to the Company for the Proposals.

**10. ESTIMATED TIMEFRAME FOR APPLICATION TO AUTHORITIES AND COMPLETION**

Application to the relevant authorities will be made within two (2) months from the date of this Announcement.

Barring unforeseen circumstances and subject to all requisite approvals being obtained, the Board expects the Proposals to be completed by the second (2<sup>nd</sup>) quarter of 2018.

**This Announcement is dated 27 November 2017.**

## SUMMARY INFORMATION ON THE EXISTING SGP

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Under the Existing SGP, the committee appointed by the Board to administer the Existing SGP (“**Committee**”) may, at its discretion where necessary, direct the implementation and administration of the plan. The Committee may, at any time within the duration of the plan, offer RSP and PSP awards under the Existing SGP to the eligible employees and/or Executive Directors of the Participating BMB Group, where such offer shall lapse should the eligible employees or Executive Directors of the Participating BMB Group fail to accept the same within the period stipulated.

A summary of the salient features of the Existing SGP is set out below:

Implementation date	:	18 April 2011
Duration of the scheme	:	Ten (10) years
Expiry date	:	17 April 2021
Eligible grantees	:	<p>Any employee and/or executive who meets the following criteria shall be eligible for consideration and/or selection as a selected employee and/or selected executive by the Committee:</p> <ul style="list-style-type: none"> <li>(i) if he has attained the age of eighteen (18) years and is not a undischarged bankrupt;</li> <li>(ii) if he is employed or about to be employed or has been offered employment on a full time basis or if he is serving under an employment contract for a fixed duration and is or will be on or prior to the offer date be on the payroll of any corporation in the Participating BMB Group and has not served a notice to resign or received notice of termination;</li> <li>(iii) if his employment has been confirmed in writing or will be confirmed in writing on or prior to the offer date;</li> <li>(iv) if he is or will be an Executive Director or a Chief Executive Officer of the Company, the specific allocation of the SGP Shares granted by him in his capacity as an Executive Director or Chief Executive Officer under the Existing SGP has been approved or will be tabled to be approved by the shareholders of BMB at a general meeting,</li> <li>(v) if he is not participating or entitled to participate in any other employment share or incentive scheme implemented by any other corporation which is in force for the time being provided that he may be eligible for consideration notwithstanding his participation or entitlement to participate if the Committee shall so determine; and</li> <li>(vi) if he fulfils any other criteria and/or falls within such category as may be set up by the Committee from time to time</li> </ul>
Maximum number of BMB Shares which may be issued under the scheme	:	Shall not exceed in aggregate 10% of the issued ordinary share capital of BMB (excluding treasury shares) at any point in time

**SUMMARY INFORMATION ON THE EXISTING SGP** (Cont'd)

Number of BMB Shares granted	Eligible Employees (including Executive Director)	
	As at the LPD	Executive Director
No. of SGP Shares granted	10,453,000	1,949,200
No. of SGP Shares vested	6,101,600	1,660,600
No. of Outstanding SGP Shares	2,562,200	165,600

Maximum allocation to Executive Directors and senior management : 50% (or such other percentage as the relevant authority may permit) of the total BMB Shares available under the Existing SGP

Actual allocation to Executive Directors and senior management : As at the LPD, 35.25% of the total BMB Shares available under the Existing SGP has been granted to the Executive Director and senior management of the Participating BMB Group since the commencement of the Existing SGP