

NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) : BONUS ISSUES TIME DOTCOM BERHAD ("TDC" OR "COMPANY") PROPOSED BONUS ISSUE OF UP TO 1,212,483,666 NEW ORDINARY SHARES IN TDC ("BONUS SHARE(S)") ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD IN TDC ("TDC SHARE(S)") ("PROPOSED BONUS ISSUE")

TIME DOTCOM BERHAD

Type	Announcement
Subject	NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) BONUS ISSUES
Description	TIME DOTCOM BERHAD ("TDC" OR "COMPANY") PROPOSED BONUS ISSUE OF UP TO 1,212,483,666 NEW ORDINARY SHARES IN TDC ("BONUS SHARE(S)") ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD IN TDC ("TDC SHARE(S)") ("PROPOSED BONUS ISSUE")

On behalf of the Board of Directors of TDC, Maybank Investment Bank Berhad wishes to announce that the Company proposes to undertake a bonus issue of up to 1,212,483,666 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) existing TDC Share held on an entitlement date to be determined and announced later.

Please refer to the attachment for further details on the Proposed Bonus Issue.

This announcement is dated 16 March 2021.

Please refer attachment below.

Attachments

TDC announcement 16 March 2021.pdf
211.5 kB

Announcement Info

Company Name	TIME DOTCOM BERHAD
Stock Name	TIMECOM
Date Announced	16 Mar 2021
Category	General Announcement for PLC
Reference Number	GA1-16032021-00034

TIME DOTCOM BERHAD (“TDC” OR “COMPANY”)

PROPOSED BONUS ISSUE OF UP TO 1,212,483,666 NEW ORDINARY SHARES IN TDC (“BONUS SHARE(S)”) ON THE BASIS OF TWO (2) BONUS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE HELD IN TDC (“TDC SHARE(S)”) (“PROPOSED BONUS ISSUE”)

1. INTRODUCTION

On behalf of the Board of Directors of TDC (“**Board**”), Maybank Investment Bank Berhad (“**Maybank IB**”) wishes to announce that TDC proposes to undertake a bonus issue of up to 1,212,483,666 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) existing TDC Share held on an entitlement date to be determined and announced later (“**Entitlement Date**”).

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares

The Proposed Bonus Issue involves the issuance of up to 1,212,483,666 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) existing TDC Share held by the shareholders of TDC whose names appear on the record of depositors of the Company at the close of business on the Entitlement Date (“**Entitled Shareholders**”). The Entitlement Date will be determined and announced at a later date after all relevant approvals for the Proposed Bonus Issue have been obtained.

As at 2 March 2021, being the latest practicable date prior to the date of this Announcement (“**LPD**”), the issued share capital of the Company is RM1,340,474,767 comprising 604,261,833 TDC Shares. The Company does not hold any treasury shares as at the LPD. However, the Company has:

- (i) 2,336,304 outstanding TDC Shares granted under the Company’s existing share grant plan (“**Share Grant Plan**”) (“**SGP Shares**”), of which none of the SGP Shares will vest prior to the Entitlement Date; and
- (ii) a share option granted to a non-independent executive director of the Company to subscribe for up to 3,300,000 new TDC Shares at an exercise price of RM7.95 per TDC Share (“**Option**”) pursuant to a share option agreement dated 20 June 2019 (“**Share Option Agreement**”). The Option may be exercised to subscribe for up to 1,980,000 new TDC Shares prior to the Entitlement Date. For information only, in accordance with the terms of the Share Option Agreement, the exercise price of the Option was adjusted from RM7.95 to RM7.835 per TDC Share pursuant to a special interim dividend of 19.08 sen per TDC Share for the financial year ended (“**FYE**”) 31 December 2019 which was paid by the Company on 31 March 2020. The exercise price of the Option will be further adjusted at a later date following the Company’s declaration of a special interim dividend of 20.60 sen per TDC Share for the FYE 31 December 2020 on 26 February 2021, which will be paid on 30 March 2021.

Assuming the Option to subscribe for new TDC Shares is not exercised prior to the Entitlement Date (“**Minimum Scenario**”), a total of 1,208,523,666 Bonus Shares will be issued and the enlarged issued TDC Shares after the Proposed Bonus Issue will comprise of 1,812,785,499 TDC Shares.

Assuming the Option to subscribe for 1,980,000 new TDC Shares is exercised prior to the Entitlement Date (“**Maximum Scenario**”), a total of 1,212,483,666 Bonus Shares will be issued and the enlarged issued TDC Shares after the Proposed Bonus Issue will comprise of 1,818,725,499 TDC Shares.

The actual number of Bonus Shares to be issued will depend on the total number of issued TDC Shares on the Entitlement Date. The Proposed Bonus Issue will not be implemented on a staggered basis over a period of time.

The Proposed Bonus Issue will result in an adjustment to the market price of TDC Shares listed and quoted on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) but will not have any impact on the market value of TDC Shares held by the Entitled Shareholders.

For illustrative purposes only, the theoretical ex-bonus price of TDC Shares after the Proposed Bonus Issue calculated based on the five (5)-day and three (3)-month daily volume weighted average market price (“**VWAMP**”) of TDC Shares up to and including the LPD are as follows:

	Before the Proposed Bonus Issue	After the Proposed Bonus Issue
	Market price (RM)	Theoretical ex-bonus price (RM)
5-day VWAMP	14.09	4.70
3-month VWAMP	13.63	4.54

As illustrated above, the theoretical ex-bonus price of TDC Shares is RM4.54, calculated based on the daily VWAMP of TDC Shares for the three (3)-month period up to and including the LPD of RM13.63. Accordingly, the Board confirms that the Proposed Bonus Issue is and will be in compliance with Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Securities where the share price adjusted for the Proposed Bonus Issue shall not be less than RM0.50 based on the daily VWAMP of TDC Shares for the three (3)-month period before the application date.

2.2 No capitalisation of reserves

Under the Companies Act, 2016 (“**Act**”), a bonus issue can be undertaken either:

- (i) by way of capitalisation of the retained earnings/reserves of a company; or
- (ii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

In view of the above and the rationale as set out in Section 3 of this Announcement, the Board has resolved that the Proposed Bonus Issue shall be implemented without capitalising the retained earnings or reserves of the Company and that the Bonus Shares shall be issued at nil consideration.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of TDC Shares in issue but the value of the issued share capital of TDC will remain the same.

2.3 Ranking of the Bonus Shares

The Bonus Shares will upon allotment and issuance, rank equally in all respects with the existing TDC Shares. However, the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid in respect of which the entitlement date is on or prior to the date the Bonus Shares are allotted.

2.4 Listing and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing and quotation of the Bonus Shares to be issued on the Main Market of Bursa Securities.

2.5 Adjustment to the SGP Shares under the Share Grant Plan and the Option

The Proposed Bonus Issue will give rise to an adjustment to: (i) the number of SGP Shares which have been granted but yet to vest under the Share Grant Plan; and (ii) the number of SGP Shares in respect of future share grant awards pursuant to adjustments to be made in accordance with the provisions of the by-laws governing the Share Grant Plan.

The Proposed Bonus Issue will also give rise to an adjustment to the exercise price of the Option granted and the number of new TDC Shares which the Option holder may subscribe for pursuant to adjustments to be made in accordance with the provisions of the Share Option Agreement. As Bursa Securities had on 15 May 2019 approved the listing and quotation of only up to 3,300,000 new TDC Shares to be issued pursuant to the exercise of the Option, an additional listing application will be made to Bursa Securities at a later date in respect of the additional number of new TDC Shares to be issued from the exercise of the Option following the said adjustment.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue serves to:

- (i) increase the number of TDC Shares held by the Company's Entitled Shareholders while maintaining their percentage of equity interest in the Company; and
- (ii) potentially enhance the marketability and trading liquidity of TDC Shares on the Main Market of Bursa Securities, thereby providing opportunity for greater participation from existing and new investors.

In addition, the Proposed Bonus Issue is not expected to affect the Company's reserves and consolidated net assets ("NA") as the Proposed Bonus Issue will be implemented without capitalising the Company's reserves.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Share capital

For illustrative purposes only, the pro forma effect of the Proposed Bonus Issue on the issued share capital of the Company is as follows:

	Minimum Scenario		Maximum Scenario	
	No. of TDC Shares	RM'000	No. of TDC Shares	RM'000
As at the LPD	604,261,833	1,340,475	604,261,833	1,340,475
Assuming the Option is exercised into 1,980,000 new TDC Shares	-	-	1,980,000	20,446 ⁽¹⁾
Issuance of the Bonus Shares	1,208,523,666	-	1,212,483,666	-
Enlarged issued TDC Shares	1,812,785,499	1,340,475	1,818,725,499	1,360,921

Note:

- (1) Assuming the exercise of the Option at an exercise price of RM7.835 per TDC Share and the corresponding amount of approximately RM4,933,000 in the share option reserve account is reclassified to the share capital account.

4.2 Substantial shareholders' shareholding

The Proposed Bonus Issue will not have any effect on the percentage of shareholding of the substantial shareholders of TDC as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of the Company. Accordingly, the number of TDC Shares held by each substantial shareholder will increase proportionately as a result of the Proposed Bonus Issue.

For illustrative purposes only, the pro forma effect of the Proposed Bonus Issue on the substantial shareholders' shareholding in TDC is as follows:

Minimum Scenario

Substantial Shareholder	As at the LPD				(I) After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect	
	No. of TDC Shares	%	No. of TDC Shares	%	No. of TDC Shares	%	No. of TDC Shares	%
Pulau Kapas Ventures Sdn Bhd ("PKV")	177,174,359	29.32	-	-	531,523,077	29.32	-	-
Khazanah Nasional Berhad	65,298,982	10.81	177,174,359 ⁽²⁾	29.32	195,896,946	10.81	531,523,077 ⁽²⁾	29.32
Employees Provident Fund Board	72,381,400 ⁽¹⁾	11.98	-	-	217,144,200 ⁽¹⁾	11.98	-	-
Kumpulan Wang Persaraan (Diperbadankan)	34,854,615 ⁽¹⁾	5.77	-	-	104,563,845 ⁽¹⁾	5.77	-	-
Global Transit International Sdn Bhd ("GTI")	-	-	177,174,359 ⁽²⁾	29.32	-	-	531,523,077 ⁽²⁾	29.32
Megawisra Sdn Bhd ("Megawisra")	1,434,331	0.24	177,174,359 ⁽³⁾	29.32	4,302,993	0.24	531,523,077 ⁽³⁾	29.32
Megawisra Investments Limited ("Megawisra Investments")	-	-	178,608,690 ⁽⁴⁾	29.56	-	-	535,826,070 ⁽⁴⁾	29.56
Afzal Abdul Rahim	6,215,907	1.03	178,608,690 ⁽⁵⁾	29.56	18,647,721	1.03	535,826,070 ⁽⁵⁾	29.56
Patrick Corso	-	-	178,608,690 ⁽⁵⁾	29.56	-	-	535,826,070 ⁽⁵⁾	29.56

Notes:

- (1) Including shares held under Citigroup Nominees (Tempatan) Sdn Bhd.
- (2) Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of its interests held through PKV via its shareholdings in GTI pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its interests held through PKV and GTI via its shareholdings in Megawisra pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.

Maximum Scenario

Substantial Shareholder	As at the LPD				(I) Assuming the Option is exercised to subscribe for 1,980,000 new TDC Shares				(II) After the Proposed Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of TDC Shares	%	No. of TDC Shares	%	No. of TDC Shares	%	No. of TDC Shares	%	No. of TDC Shares	%	No. of TDC Shares	%
PKV	177,174,359	29.32	-	-	177,174,359	29.23	-	-	531,523,077	29.23	-	-
Khazanah Nasional Berhad	65,298,982	10.81	177,174,359 ⁽²⁾	29.32	65,298,982	10.77	177,174,359 ⁽²⁾	29.23	195,896,946	10.77	531,523,077 ⁽²⁾	29.23
Employees Provident Fund Board	72,381,400 ⁽¹⁾	11.98	-	-	72,381,400 ⁽¹⁾	11.94	-	-	217,144,200 ⁽¹⁾	11.94	-	-
Kumpulan Wang Persaraan (Diperbadankan)	34,854,615 ⁽¹⁾	5.77	-	-	34,854,615 ⁽¹⁾	5.75	-	-	104,563,845 ⁽¹⁾	5.75	-	-
GTI	-	-	177,174,359 ⁽²⁾	29.32	-	-	177,174,359 ⁽²⁾	29.23	-	-	531,523,077 ⁽²⁾	29.23
Megawisra	1,434,331	0.24	177,174,359 ⁽³⁾	29.32	1,434,331	0.24	177,174,359 ⁽³⁾	29.23	4,302,993	0.24	531,523,077 ⁽³⁾	29.23
Megawisra Investments	-	-	178,608,690 ⁽⁴⁾	29.56	-	-	178,608,690 ⁽⁴⁾	29.46	-	-	535,826,070 ⁽⁴⁾	29.46
Afzal Abdul Rahim	6,215,907	1.03	178,608,690 ⁽⁵⁾	29.56	6,215,907	1.03	178,608,690 ⁽⁵⁾	29.46	18,647,721	1.03	535,826,070 ⁽⁵⁾	29.46
Patrick Corso	-	-	178,608,690 ⁽⁵⁾	29.56	1,980,000	0.33	178,608,690 ⁽⁵⁾	29.46	5,940,000	0.33	535,826,070 ⁽⁵⁾	29.46

Notes:

- (1) Including shares held under Citigroup Nominees (Tempatan) Sdn Bhd.
- (2) Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Act.
- (3) Deemed interested by virtue of its interests held through PKV via its shareholdings in GTI pursuant to Section 8 of the Act.
- (4) Deemed interested by virtue of its interests held through PKV and GTI via its shareholdings in Megawisra pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.

4.3 NA per TDC Share and gearing

For illustrative purposes only, the pro forma effects of the Proposed Bonus Issue on the NA per TDC Share and gearing of TDC and its subsidiaries (collectively, “TDC Group”) based on the latest audited consolidated statement of financial position of TDC as at 31 December 2020 are as follows:

Minimum Scenario

	Audited as at 31 December 2020 RM'000	(I) After the Proposed Bonus Issue RM'000
Share capital	1,340,475	1,340,475
Other reserves		
- Share grant reserve	22,286	22,286
- Share option reserve	2,523	2,523
- Other reserves	48,314	48,314
- Retained earnings	1,631,327	1,631,047 ⁽¹⁾
Total equity attributable to owners of the Company / NA	3,044,925	3,044,645
No. of TDC Shares in issue ('000)	604,262	1,812,785 ⁽²⁾
NA per TDC Share (RM)	5.04	1.68
Total borrowings (RM'000)	46,797	46,797
Gearing ratio (times) ⁽³⁾	0.02	0.02

Notes:

- (1) After deducting the estimated expenses relating to the Proposed Bonus Issue of approximately RM280,000.
- (2) After the issuance of 1,208,523,666 Bonus Shares.
- (3) Calculated based on the total borrowings divided by NA.

Maximum Scenario

	Audited as at 31 December 2020 RM'000	(I) Assuming the Option is exercised to subscribe for 1,980,000 new TDC Shares RM'000	(II) After the Proposed Bonus Issue RM'000
Share capital	1,340,475	1,360,921 ⁽¹⁾	1,360,921
Other reserves			
- Share grant reserve	22,286	22,286	22,286
- Share option reserve	2,523	-(1) ⁽²⁾	-
- Other reserves	48,314	48,314	48,314
- Retained earnings	1,631,327	1,628,917 ⁽²⁾	1,628,637 ⁽³⁾
Total equity attributable to owners of the Company / NA	3,044,925	3,060,438	3,060,158
No. of TDC Shares in issue ('000)	604,262	606,242 ⁽¹⁾	1,818,725 ⁽⁴⁾
NA per TDC Share (RM)	5.04	5.05	1.68
Total borrowings (RM'000)	46,797	46,797	46,797
Gearing ratio (times) ⁽⁵⁾	0.02	0.02	0.02

Notes:

- (1) Assuming the exercise of the Option at an exercise price of RM7.835 per TDC Share and the corresponding amount of approximately RM4,933,000 in the share option reserve account is reclassified to the share capital account.
- (2) After recognition of the fair value expense of the Option of approximately RM2,410,000 in respect of the right to subscribe for up to 1,980,000 new TDC Shares at the exercise price.
- (3) After deducting the estimated expenses relating to the Proposed Bonus Issue of approximately RM280,000.
- (4) After the issuance of 1,212,483,666 Bonus Shares.
- (5) Calculated based on the total borrowings divided by NA.

4.4 Earnings and earnings per TDC Share ("EPS")

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the TDC Group for the financial year ending 31 December 2021. However, assuming the net earnings of the TDC Group remain unchanged, there will be a corresponding dilution in the EPS of the TDC Group for the financial year ending 31 December 2021 as a result of the increase in the number of TDC Shares in issue arising from the Proposed Bonus Issue.

4.5 Convertible securities

As at the LPD, save for the Option, TDC does not have any other convertible securities.

5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the following approvals being obtained:

- (i) Bursa Securities for the listing and quotation of the Bonus Shares on the Main Market of Bursa Securities;
- (ii) shareholders of TDC at an extraordinary general meeting of the Company to be convened; and
- (iii) any other relevant regulatory authorities, if required.

The Proposed Bonus Issue is not conditional upon any other corporate exercise/scheme of the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive of the Company and/or persons connected with them have any interest, either direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements to the Bonus Shares as shareholders of TDC which are also available to all other Entitled Shareholders.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue (including but not limited to the rationale and effects of the Proposed Bonus Issue), is of the opinion that the Proposed Bonus Issue is in the best interest of the Company.

8. APPLICATION TO THE RELEVANT AUTHORITY

The application to Bursa Securities in respect of the Proposed Bonus Issue is expected to be submitted within two (2) months from the date of this Announcement.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all the requisite approvals being obtained, the Proposed Bonus Issue is expected to be implemented and completed by the third (3rd) quarter of 2021.

10. ADVISER

Maybank IB has been appointed as Principal Adviser for the Proposed Bonus Issue.

This Announcement is dated 16 March 2021.