

OTHERS TIME DOTCOM BERHAD ("TdC" OR "COMPANY") (I) PROPOSED GRANT OF A SHARE OPTION TO PATRICK CORSO, A NON-INDEPENDENT EXECUTIVE DIRECTOR OF TdC, TO SUBSCRIBE FOR UP TO 3,300,000 NEW ORDINARY SHARES IN TdC ("PROPOSED GRANT"); AND (II) PROPOSED ALLOCATION OF AWARD OF UP TO 2,500,000 TdC SHARES UNDER THE EXISTING SHARE GRANT PLAN TO LEE GUAN HONG, A NON-INDEPENDENT EXECUTIVE DIRECTOR OF TdC ("PROPOSED ALLOCATION") (COLLECTIVELY, (I) AND (II) ARE REFERRED TO AS "PROPOSALS")

TIME DOTCOM BERHAD

Type	Announcement
Subject	OTHERS
Description	<p>TIME DOTCOM BERHAD ("TdC" OR "COMPANY")</p> <p>(I) PROPOSED GRANT OF A SHARE OPTION TO PATRICK CORSO, A NON-INDEPENDENT EXECUTIVE DIRECTOR OF TdC, TO SUBSCRIBE FOR UP TO 3,300,000 NEW ORDINARY SHARES IN TdC ("PROPOSED GRANT"); AND</p> <p>(II) PROPOSED ALLOCATION OF AWARD OF UP TO 2,500,000 TdC SHARES UNDER THE EXISTING SHARE GRANT PLAN TO LEE GUAN HONG, A NON-INDEPENDENT EXECUTIVE DIRECTOR OF TdC ("PROPOSED ALLOCATION")</p> <p>(COLLECTIVELY, (I) AND (II) ARE REFERRED TO AS "PROPOSALS")</p>

On behalf of the Board of Directors of TdC ("**Board**"), CIMB Investment Bank Berhad ("**CIMB**") wishes to announce that TdC proposes to undertake the following proposals:

- (i) Proposed grant of a share option to Patrick Corso, a non-independent executive director of TdC ("**Patrick Corso**") to subscribe for up to 3,300,000 new ordinary shares in TdC ("**TdC Shares**"), representing 0.57% of the existing issued and paid-up share capital of TdC; and
- (ii) Proposed allocation of award of up to 2,500,000 TdC Shares under the existing Share Grant Plan ("**Share Grant Plan**") to be granted to Lee Guan Hong, a non-independent executive director of TdC ("**Lee Guan Hong**").

Please refer to the attachment for the full announcement in relation to the Proposals.

This announcement is dated 28 February 2019.

Please refer attachment below.

Attachments

Detailed Announcement - 28022019.pdf
288.5 kB

Announcement Info	
Company Name	TIME DOTCOM BERHAD
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TIME DOTCOM BERHAD (“TdC” OR “COMPANY”)

- (I) PROPOSED GRANT OF A SHARE OPTION TO PATRICK CORSO, A NON-INDEPENDENT EXECUTIVE DIRECTOR OF TdC (“PATRICK CORSO”), TO SUBSCRIBE FOR UP TO 3,300,000 NEW ORDINARY SHARES IN TdC (“TdC SHARES”) (“PROPOSED GRANT”); AND**
- (II) PROPOSED ALLOCATION OF AWARD OF UP TO 2,500,000 TdC SHARES UNDER THE EXISTING SHARE GRANT PLAN (“SHARE GRANT PLAN”) TO LEE GUAN HONG, A NON-INDEPENDENT EXECUTIVE DIRECTOR OF TdC (“LEE GUAN HONG”) (“PROPOSED ALLOCATION”)**

(COLLECTIVELY, (I) AND (II) ARE REFERRED TO AS “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of TdC (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that TdC proposes to undertake the following proposals:

- i. Proposed grant of a share option to Patrick Corso, to subscribe for up to 3,300,000 new TdC Shares (“**Option Shares**”) (“**Option**”), representing 0.57% of the existing issued and paid-up share capital of TdC; and
- ii. Proposed allocation of award of up to 2,500,000 TdC Shares under the Share Grant Plan (which was approved by TdC shareholders on 28 June 2012) to be granted to Lee Guan Hong.

2. DETAILS OF THE PROPOSED GRANT

Pursuant to the Proposed Grant, the Company proposes to enter into a share option agreement with Patrick Corso (“**Share Option Agreement**”).

2.1 Salient Terms of the Share Option Agreement

2.1.1 Option Period

The Option period shall commence on the date of the Share Option Agreement and end on the earlier of (a) the day prior to the fifth anniversary of the date of the Share Option Agreement, or (b) the date on which Patrick Corso ceases to be employed by TdC or any subsidiary of TdC under a contract of service, by reason of his voluntary resignation from such employment, or the lawful termination of his employment with just cause or excuse (“**Option Period**”).

The Option shall lapse and be of no effect upon the expiry of the Option Period.

2.1.2 Option Exercise Price

The price payable for each Option Share upon exercise of the Option by Patrick Corso ("**Option Exercise Price**") shall be determined based on a discount of 10% to the five (5)-day volume weighted average market price of the TdC Shares immediately preceding the date of the Share Option Agreement.

2.1.3 Exercise of Option

The Option may be exercised by Patrick Corso at any time and from time to time during the Option Period up to a maximum of 20% of the total Option Shares per annual period of the Option Period. Any portion of the Option which is unexercised can be carried forward to the next period without reducing the maximum exercisable portion in the next period.

2.1.4 Ranking of the Option Shares

The Option Shares to be allotted and issued pursuant to the exercise of the Option by Patrick Corso shall, upon allotment and issuance, rank equally in all respects with the existing TdC Shares and shall be subject to all the provisions of the memorandum and articles of association of TdC.

Notwithstanding any provision in the Share Option Agreement, Patrick Corso shall not be entitled to any rights, dividends or other distributions attached to the Option Shares for which the entitlement date is prior to the date on which the Option Shares are credited into Patrick Corso's central depository system account.

2.1.5 Listing of and quotation for the Option Shares

The Option Shares to be allotted and issued pursuant to the exercise of the Option by Patrick Corso will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

2.1.6 Alteration of share capital and adjustment

In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, bonus issues, capital reduction (save for set off against accumulated losses), capital repayment, sub-division or consolidation of capital, or declaration of any special dividend or distribution or otherwise howsoever taking place, unless otherwise provided in the Share Option Agreement, such corresponding alterations (if any) may be made to the Proposed Grant in terms of the Option Exercise Price and/or the number of Option Shares which have not yet been exercised so as to give Patrick Corso a fair and reasonable entitlement in respect of the Option Shares, as shall be certified by an external auditor or an investment bank.

3. UTILISATION OF PROCEEDS

The amount of the proceeds to be received from the exercise of the Option cannot be determined at this juncture as it will depend on, amongst others, the number of Option Shares issued pursuant to the exercise of the Option at the relevant point in time and the Option Exercise Price. However, TdC intends to utilise the proceeds from the exercise of the Option for the working capital of the TdC and its subsidiaries (“**TdC Group**” or “**Group**”), as and when received over the Option Period.

4. RATIONALE OF THE PROPOSALS

Proposed Grant

The Proposed Grant is to motivate Patrick Corso towards better performance and loyalty to TdC Group through long-term alignment of Patrick Corso’s interests with the interest of TdC Group which is to become a regional solutions provider to global carriers and service providers as well as to drive long-term shareholder value enhancement via direct participation in the equity of the Company.

In addition, the Proposed Grant is intended to retain and incentivise Patrick Corso whose services are vital to the operations and continued growth of TdC Group and to align his compensation with the share price return enjoyed by all the shareholders.

Proposed Allocation

The Proposed Allocation is to motivate Lee Guan Hong towards better performance and loyalty to TdC Group. In addition, the Proposed Allocation is to recognise and reward the contributions and services of Lee Guan Hong that is considered vital to the operation and continued growth of TdC Group.

5. EFFECTS OF THE PROPOSALS

5.1 Issued and paid-up share capital

5.1.1 The Proposed Grant is not expected to have any immediate effect on TdC’s existing issued and paid-up share capital. However, TdC’s issued and paid-up share capital will increase progressively as and when the Option Shares are allotted and issued pursuant to the exercise of the Option by Patrick Corso.

For illustrative purposes, assuming that the Proposed Grant is implemented as at 31 January 2019, ie the latest practicable date prior to this announcement (“**LPD**”), and assuming that the Option is fully exercised immediately, the proforma effects of the Proposed Grant on TdC’s issued and paid-up share capital at the expiry of the Option Period are set out in the table below:

	TdC Shares	
	No.	RM
Issued and paid-up share capital as at the LPD	583,701,450	1,186,658,884
Maximum TdC Shares to be issued pursuant to full exercise of the Option	3,300,000	24,354,000 ⁽¹⁾
Enlarged issued and paid-up share capital	587,001,450	1,211,012,884

Note:

- (1) *Based on the illustrative Option Exercise Price of RM7.3800, derived from 10% discount to 5-day volume weighted average price of TdC Shares as at the LPD of RM8.1995, before taking into account the Option value arising from the Proposed Grant.*

5.1.2 The Proposed Allocation is not expected to have any immediate effect on TdC's existing issued and paid-up share capital. However, TdC's issued and paid-up share capital will increase progressively as and when new TdC Shares are allotted and issued to Lee Guan Hong in connection to the Proposed Allocation.

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5.2 Substantial shareholders' shareholdings

5.2.1 The Proposed Grant is not expected to have any immediate effect on the shareholdings of TdC's substantial shareholders until such time the Option Shares are allotted and issued pursuant to the exercise of the Option by Patrick Corso. The percentage shareholdings of TdC's substantial shareholders in the future would reduce depending on the number of Option Shares allotted and issued at the relevant point in time.

For illustrative purposes, assuming that the Proposed Grant is implemented as at the LPD and assuming that the Option is fully exercised immediately, the proforma effects of the Proposed Grant on the shareholdings of TdC's substantial shareholders are as follows:

	As at the LPD			After the Proposed Grant and the full exercise of the Option		
	Direct		Indirect	Direct		Indirect
	No. of TdC Shares held	%	No. of TdC Shares held	%	No. of TdC Shares held	%
Pulau Kapas Ventures Sdn Bhd ("PKV")	177,174,359	30.35	-	-	177,174,359	30.18
Khazanah Nasional Berhad ("KNB")	65,298,982	11.19	177,174,359 ⁽²⁾	30.35	65,298,982	11.12
Employees Provident Fund Board	56,496,600 ⁽¹⁾	9.68	-	-	56,496,600	9.62
Kumpulan Wang Persaraan (Diperbadankan)	66,744,448 ⁽¹⁾	11.44	-	-	66,744,448	11.37
Global Transit International Sdn Bhd ("GTI")	-	-	177,174,359 ⁽³⁾	30.35	-	-
Megawisra Sdn Bhd ("Megawisra")	2,868,331	0.49	177,174,359 ⁽⁴⁾	30.35	2,868,331	0.49
Megawisra Investments Limited ("Megawisra Investments")	-	-	180,042,690 ⁽⁵⁾	30.84	-	-
Afzal Abdul Rahim	-	-	180,042,690 ⁽⁶⁾	30.84	-	-
Patrick Corso	247,866	0.04	180,042,690 ⁽⁷⁾	30.84	3,547,866	0.60
					180,042,690	30.67
					180,042,690	30.67

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 Companies Act, 2016 ("Act")
- (3) Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Act
- (4) Deemed interested by virtue of its interests held through PKV via its shareholdings in GTI pursuant to Section 8 of the Act
- (5) Deemed interested by virtue of its interests held through PKV and GTI via its shareholdings in Megawisra pursuant to Section 8 of the Act
- (6) 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
- (7) 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

5.2.2 The Proposed Allocation is not expected to have any immediate effect on the shareholdings of TdC's substantial shareholders until and unless the new TdC Shares are issued to Lee Guan Hong in connection to the Proposed Allocation. Any potential effect on the substantial shareholders' shareholdings will depend on the number of new TdC shares to be issued to Lee Guan Hong in connection to the Proposed Allocation.

5.3 Net assets ("NA") per share and gearing

5.3.1 The Proposed Grant is not expected to have any effect on TdC's consolidated NA per share and gearing until such time the Option Shares are allotted and issued pursuant to the exercise of the Option by Patrick Corso. Any potential effect of this on the consolidated NA per share and gearing of TdC will depend on, amongst others, the number of Option Shares to be issued, which can only be determined at the point of the exercise of the Option, and the Option Exercise Price.

5.3.2 The Proposed Allocation is not expected to have any effect on TdC's consolidated NA per share until the new TdC Shares are issued to Lee Guan Hong in connection to the Proposed Allocation. Any potential effect on the consolidated NA per share will depend on the number of new TdC shares to be issued to Lee Guan Hong in connection to the Proposed Allocation.

The Proposed Allocation is not expected to have any impact on TdC's gearing for the financial year ending 31 December 2019.

5.4 Earnings and earnings per share ("EPS")

5.4.1 Based on the Malaysian Financial Reporting Standard 2 on Share Based Payment as issued by the Malaysian Accounting Standards Board ("**MFRS 2**"), the potential cost of granting the Option, after taking into account, amongst others, the number of Option Shares to be allotted and issued and the Option Exercise Price, will need to be measured at fair value on the date of the granting of the Option and recognised as an expense in the consolidated statement of income with a corresponding increase in equity over the Option Period under the Share Option Agreement.

The extent of the effect of the Proposed Grant on TdC's consolidated earnings and EPS cannot be determined at this juncture as it would depend on various factors that affect the fair value of the Option Shares as at the respective exercise dates of the Option. However, it is important to note that the potential cost of the Option does not represent a cash outflow and is only an accounting treatment.

The Proposed Grant will also have an effect on TdC's EPS due to the increase in the number of TdC Shares resulting from the allotment and issuance of Option Shares pursuant to the exercise of the Option by Patrick Corso.

The estimated expenses in relation to the Proposed Grant (excluding the potential impact of the Proposed Grant under MFRS 2) are approximately RM0.25 million, which will be funded through TdC's internally-generated funds.

5.4.2 The Proposed Allocation is not expected to have an immediate effect on the earnings or EPS of TdC Group. According to the MFRS 2, the granting of award pursuant to the Proposed Allocation will need to be measured at fair value on the date of granting the award pursuant to the Proposed Allocation and recognised as an expense in the consolidated statement of income of TdC Group over the vesting period of the Proposed Allocation.

The potential effect of the Proposed Allocation on the EPS of TdC Group in the future, as a consequence of the recognition of the expense at each date of the grant of award pursuant to the Proposed Allocation, cannot be determined at this juncture as it would depend on various factors that affect the fair value of the new TdC Shares granted under the Proposed Allocation.

Our Board has taken note of the potential impact of MFRS 2 on TdC Group's earnings and will take into consideration the earnings impact on TdC Group in the vesting of the new TdC Shares pursuant to the Proposed Allocation.

5.5 Convertible securities

As at the LPD, TdC does not have any existing convertible securities.

6. APPROVALS REQUIRED

The Proposals are subject to approvals being obtained from the following:

- (i) the Company's shareholders at an EGM to be convened; and
- (ii) any other relevant authorities/parties, if required.

In addition, the Proposed Grant is subject to the approval being obtained from Bursa Securities for the listing of and quotation for the Option Shares to be issued pursuant to the exercise of the Option by Patrick Corso on the Main Market of Bursa Securities.

The approval from Bursa Securities for the listing and quotation for the new TdC Shares to be issued from time to time pursuant to the Proposed Allocation was obtained on 24 May 2012.

The Proposals are not conditional or inter-conditional upon any other corporate exercise/scheme which has been announced by the Company.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

7.1 Patrick Corso is deemed interested in the TdC Shares held through TdC's direct major shareholders (PKV, Megawisra and GTI) via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act. KNB is a partner of Patrick Corso by virtue of its shareholding in PKV. Afzal Abdul Rahim, the Chief Executive Officer of TdC ("CEO"), is a partner of Patrick Corso by virtue of his shareholdings in Megawisra Investments.

Accordingly, PKV, KNB, GTI, Megawisra, Megawisra Investments, the CEO and Patrick Corso ("**Interested Major Shareholders**") are deemed interested in the Proposed Grant and will abstain from voting in respect of their direct and/or indirect shareholdings in TdC on the resolution pertaining to the Proposed Grant to be tabled at the Company's EGM to be convened.

Elakumari Kantilal who is a nominee director of KNB in TdC, the CEO, and Patrick Corso are deemed interested in the Proposed Grant ("**Interested Directors**").

As such, the Interested Directors have abstained and will continue to abstain from deliberating on the resolution pertaining to the Proposed Grant at the relevant Board meetings.

The Interested Major Shareholders and Interested Directors have also undertaken to ensure that persons connected to them (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Grant to be tabled at the Company's EGM to be convened. Save as disclosed above, none of the Company's Directors, major shareholders and/or persons connected to them has any interest, direct and/or indirect, in the Proposed Grant.

- 7.2** Lee Guan Hong is deemed interested in the Proposed Allocation in view of his eligibility for the new TdC Shares to be issued and allotted pursuant to the by-laws of the Share Grant Plan. Accordingly, Lee Guan Hong has abstained and will continue to abstain from deliberating and voting on the resolution pertaining to the Proposed Allocation at the relevant Board meetings.

Lee Guan Hong has also undertaken to ensure that he and persons connected to him (if any) will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution pertaining to the Proposed Allocation to be tabled at the Company's EGM to be convened.

Lee Guan Hong holds a direct interest of 1,026,850 TdC Shares.

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

8. DIRECTORS' STATEMENT

- 8.1** The Board, excluding the Interested Directors, having considered all aspects of the Proposed Grant including the rationale and the relevant aspects of the Proposed Grant, is of the opinion that the Proposed Grant is in the best interest of the Company.
- 8.2** The Board, excluding Lee Guan Hong, having considered all aspects of the Proposed Allocation including the rationale and the relevant aspects of the Proposed Allocation, is of the opinion that the Proposed Allocation is in the best interest of the Company.

9. ADVISER

CIMB has been appointed as the Adviser for the Proposals.

10. ESTIMATED TIMEFRAME TO COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Company expects to complete the Proposals by the third quarter of 2019.

This announcement is dated 28 February 2019.

