

## **GAMUDA BERHAD (“GAMUDA” OR THE “COMPANY”)**

### **PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES’ SHARE ISSUANCE SCHEME OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF GAMUDA (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE EMPLOYEES’ SHARE ISSUANCE SCHEME FOR THE ELIGIBLE DIRECTORS AND EMPLOYEES OF GAMUDA AND ITS SUBSIDIARIES**

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#### **1. INTRODUCTION**

On behalf of the Board of Directors of Gamuda (~~%Board+~~), Hong Leong Investment Bank Berhad (~~%HLIB+~~) wishes to announce that the Company proposes to establish a new employees’ share issuance scheme of up to 10% of the issued and paid-up share capital of Gamuda (excluding treasury shares, if any) for the eligible directors (including non-executive directors) and employees of Gamuda and its subsidiaries (~~%Gamuda Group+~~) (excluding subsidiaries which are dormant) (~~%Proposed Scheme+~~).

#### **2. DETAILS OF THE PROPOSED SCHEME**

The Proposed Scheme will involve the granting of options to subscribe for new ordinary shares of RM1.00 each in Gamuda (~~%Gamuda Shares+~~) (~~%Options+~~) to directors and employees of the Gamuda Group who meet the eligibility criteria for participation in the Proposed Scheme (~~%Eligible Person(s)+~~), in accordance with the by-laws governing the Proposed Scheme (~~%By-Laws+~~).

The Proposed Scheme will be administered by a committee consisting of such number of person(s) as shall be appointed by the Board from time to time in accordance with the By-Laws (~~%Option Committee+~~).

##### **2.1 Salient features of the Proposed Scheme**

###### **2.1.1 Maximum number of Gamuda Shares under the Proposed Scheme**

Subject to the By-Laws, the maximum number of new Gamuda Shares to be allotted and issued pursuant to the exercise of Option(s) granted under the Proposed Scheme shall not, in aggregate, exceed 10% of the issued and paid-up share capital of the Company at any one time during the existence of the Scheme.

Notwithstanding the above or any other provisions contained within the By-Laws, in the event the maximum number of new Gamuda Shares comprised in the Option(s) granted under the Proposed Scheme exceeds the aggregate of 10% of the issued and paid-up share capital of the Company, as a result of the Company purchasing its own shares pursuant to Section 67A of the Companies Act, 1965 or undertaking any other corporate proposal and thereby diminishing its issued and paid-up share capital, then:

- (i) such Option(s) granted prior to the adjustment of the issued and paid-up share capital of the Company, shall remain valid and exercisable in accordance with the terms and conditions of the By-Laws; and
- (ii) the Option Committee shall not make any further offers in writing to the Eligible Persons (~~%Offer+~~) until the total number of new Gamuda Shares comprised in the Option(s) granted or to be granted under the Proposed Scheme falls below 10% of the issued and paid-up share capital of the Company.

### 2.1.2 Eligibility

In order to be considered an Eligible Person, an employee who is employed by and is on the payroll of a company within the Gamuda Group (excluding an executive director) (~~%Employee+~~) must fulfil the following criteria as at the date on which an Offer is made to an Eligible Person by the Option Committee (~~%Date of Offer+~~):

- (i) the Employee is at least 18 years of age; and
- (ii) the Employee is in full time employment of a company within the Gamuda Group and his/her employment must have been confirmed in writing on or prior to the Date of Offer. An employee is deemed to be in full time employment if:
  - (a) an Employee who is a Malaysia citizen is employed on a contract basis, his/her employment contract must be for a term, including any revised term, of at least 3 continuous years;
  - (b) an Employee who is not a Malaysia citizen but is employed on a contract basis, his employment contract must be for a term including any revised term, of at least 4 continuous years; or
  - (c) an Employee attains the prescribed retirement age under the Gamuda Group's retirement policy but continues to be employed on a contract basis to serve the Gamuda Group.

In order to be considered an Eligible Person, a director in a company within the Gamuda Group (~~%Director+~~), whether executive or non-executive, must fulfil the following criteria as at the Date of Offer:

- (i) the Director is at least eighteen (18) years of age; and
- (ii) the Director must have been appointed as a Director of a company within the Gamuda Group.

For the avoidance of doubt, each Director is only allowed to participate in the Proposed Scheme in respect of his employment/directorship in any 1 company within the Gamuda Group at any one time notwithstanding that he is a Director of more than 1 company within the Gamuda Group.

### 2.1.3 Basis of allotment and maximum allowable allotment

Subject to any adjustments which may be made in accordance with the provisions as set out in the By-Laws, the aggregate maximum number of new Gamuda Shares that may be offered and allotted to an Eligible Person (~~%Maximum Allowable Allotment+~~) shall be determined at the sole discretion of the Option Committee after taking into consideration, inter alia, the designation, performance and/or length of service of the Eligible Person as at the Date of Offer, provided always that not more than 10% of the new Gamuda Shares available under the Proposed Scheme shall be allocated to an Eligible Person who, either singly or collectively through persons connected with that Eligible Person, holds 20% or more of the issued and paid-up share capital of the Company.

### 2.1.4 Offer

Subject to the By-Laws, the Offer made to any Eligible Person shall be determined at the absolute discretion of the Option Committee, provided always that the number of new Gamuda Shares to be issued from the said Offer shall not:

- (i) be less than 100 Gamuda Shares; and
- (ii) exceed the Maximum Allowable Allotment of such Eligible Person.

For the avoidance of doubt, no Offer shall be made to any Director or major shareholder of the Company, or persons connected with them, who is an Eligible Person, unless such Offer has been previously approved by the shareholders of Gamuda in a general meeting.

#### **2.1.5 Exercise Price**

The exercise price at which an Eligible Person who has accepted the Offer (~~%Grantee+~~) shall be entitled to subscribe for the new Gamuda Shares by exercising the Option (~~%Exercise Price+~~) shall be the higher of the following:

- (i) the volume weighted average market price of the Gamuda Shares, as quoted on the Main Market of Bursa Malaysia Securities Berhad (~~%Bursa Securities+~~), for the 5 market days immediately preceding the Date of Offer; or
- (ii) the par value of the Gamuda Shares, if applicable.

For the avoidance of doubt, the Exercise Price is subject to the adjustments as provided for within the By-Laws.

#### **2.1.6 Retention Period**

Save for the retention period imposed on the new Gamuda Shares allotted and issued to a Grantee who is a non-executive Director as described below, the new Gamuda Shares to be allotted and issued to a Grantee pursuant to the exercise of an Option under the Proposed Scheme will not be subject to any retention period. However, the Grantees are encouraged to hold the Gamuda Shares as a long-term investment and not for any speculative purpose and/or for the realisation of any immediate gain.

A Grantee who is a non-executive Director must not sell, transfer or assign any new Gamuda Shares obtained through the exercise of Options offered to him under the Proposed Scheme within 1 year from the Date of Offer.

#### **2.1.7 Ranking of the new Gamuda Shares**

The new Gamuda Shares to be allotted and issued upon the exercise of any Options will, upon allotment and issuance, rank *pari passu* in all respects with the then existing issued and paid-up Gamuda Shares, except that the new Gamuda Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, where the entitlement date precedes the date of allotment of the new Gamuda Shares.

#### **2.1.8 Exercise of Options**

Each Grantee will be required to open a Central Depository System account (~~%CDS Account+~~) and a trading account with a nominee company (~~%Nominee+~~) and a broker (~~%Broker+~~) approved by the Option Committee respectively. All new Gamuda Shares to be allotted and issued upon the exercise of any Options shall be subscribed and credited into the CDS Account maintained with the Nominee (~~%Nominee CDS Account+~~). Notwithstanding the aforementioned and unless otherwise approved by the Option Committee, the number of new Gamuda Shares to be subscribed and credited into the CDS Account not maintained with the Nominee (~~%Personal CDS Account+~~) is subject to the conditions as may be imposed from time to time by the Option Committee.

The Grantee who exercises his Options shall provide his CDS Account number in the notice of exercise. The relevant new Gamuda Shares will be credited directly into such CDS Account. No physical share certificates will be issued for the new Gamuda Shares.

### 2.1.9 Duration / tenure and termination of the Proposed Scheme

The Proposed Scheme shall be in force for a period of 5 years from the effective date after the full compliance with all relevant requirements of the Main Market Listing Requirements of Bursa Securities (~~%Effective Date+~~) (~~%First Five Years+~~), provided always that before the final year of the Proposed Scheme, the Option Committee shall have the absolute discretion, without the Company's shareholders approval, to extend in writing the duration or tenure of the Proposed Scheme (as many times as the Option Committee may deem fit) for up to another 5 years immediately from the expiry of the First Five Years.

The duration of the Proposed Scheme shall not be more than 10 years from the Effective Date.

The Company may terminate the Proposed Scheme at any time prior to expiry of the Proposed Scheme provided the following approval(s) and/or consent(s) are obtained:

- (i) the approval of the Company's shareholders at a general meeting; and
- (ii) the written consent of all Grantees who have yet to exercise their Option(s) either in part or in whole,

and the date when the last date of the aforesaid approval(s)/consent(s) is obtained shall be the date of termination of the Proposed Scheme.

### 2.1.10 Selling of the new Gamuda Shares held in the Nominees CDS Account

Save as provided in the By-Laws, there is no restriction on the Grantees in selling any of their Gamuda Shares which were allotted and issued pursuant to the exercise of their Options and held in the Nominees CDS Accounts.

Upon a sale of the Gamuda Shares held in the Grantee's Nominee CDS Account, proceeds from such sale net of any transaction costs (~~%Net Proceeds+~~) will be received by the Nominee. Out of the Net Proceeds to be received by the Nominee, if:

- (i) the Net Proceeds is less than the Exercise Price multiplied by the number of Gamuda Shares sold (~~%Exercise Value+~~), the Nominee will release the entire Net Proceeds to the Grantee; or
- (ii) the Net Proceeds exceeds the Exercise Value, the Nominee will only release to the Grantee an amount equivalent to the Exercise Value.

For the avoidance of doubt, where there is any alteration in the share capital of Gamuda during the duration of the Proposed Scheme, the Exercise Price to be used in computing the Exercise Value for any Gamuda Shares which remain unsold as at the books closure date for such alteration shall be adjusted in accordance with the By-Laws, where applicable.

The Net Proceeds less the Exercise Value (~~%Balance Proceeds+~~), if any, will be released to the Grantee over the period of the Proposed Scheme subject to the following percentages:

From the effective date of the Proposed Scheme up to the eve of the 1st anniversary (Year 1)	From the 1st anniversary up to the eve of the 2nd anniversary (Year 2)	From the 2nd anniversary up to the eve of the 3rd anniversary (Year 3)	From the 3rd anniversary up to the eve of the 4th anniversary (Year 4)	From the 4th anniversary up to the eve of the 5th anniversary (Year 5)
20%	20%	20%	20%	20%

Notes:

1. *The percentage of release is applied to the number of Gamuda Shares comprised in the Options granted.*
2. *In the case where a Grantee is granted an Option in a year other than Year 1, the maximum percentage of the Balance Proceeds which can be released to the Grantee will follow in accordance to the sequence in the table set out above as if the Options had been offered in Year 1. Any remaining percentage of the Balanced Proceeds yet to be released to the Grantee, after taking into account extension(s) to the duration of the Proposed Scheme, if any, will be released in its entirety to the Grantee in the last year of the Proposed Scheme.*
3. *Where the percentage for a particular year entitled to be released in accordance with the table above is not fully released, the percentage unreleased shall be carried forward to the next year.*

The Balance Proceeds yet to be released to a Grantee will be placed in an interest bearing account for the benefit of the Grantee. On each anniversary of the Effective Date, the Nominee will release the Balance Proceeds attributable to that period (together with the relevant interest accrued for that period) to the Grantee.

#### **2.1.11 Listing of and quotation for the new Gamuda Shares**

An application will be made to Bursa Securities for the listing of and quotation for the new Gamuda Shares to be issued pursuant to the exercise of the Options on the Main Market of Bursa Securities.

### **3. UTILISATION OF PROCEEDS**

The actual proceeds to be received by Gamuda pursuant to the exercise of the Options under the Proposed Scheme will depend on the actual number of Options granted and exercised, and the Exercise Price. Therefore, the amount of proceeds to be raised from the exercise of the Options is not determinable at this juncture.

The proceeds to be raised from the exercise of the Options will be utilised for the working capital requirements of the Gamuda Group.

### **4. RATIONALE FOR THE PROPOSED SCHEME**

The Proposed Scheme is to achieve the following objectives:

- (i) attract, motivate, reward and retain the Eligible Person(s), whose services are vital to the operations, continued growth and profitability of the Gamuda Group by providing them with the opportunity to participate in the equity of Gamuda and thereby relate their contribution directly to the performance of the Gamuda Group;
- (ii) instil in the Eligible Person(s) a greater sense of belonging to the Gamuda Group so that they are motivated to further contribute to the growth and success of the Gamuda Group; and
- (iii) attract prospective skilled and experienced employees to join and contribute to the Gamuda Group via more competitive remuneration packages.

The Proposed Scheme, which is also extended to include the non-executive Directors of the Gamuda Group, is to recognise the contributions and effort made by the non-executive Directors to the Company as they play a constructive role in contributing towards the growth and performance of the Gamuda Group. Their participation in the equity of the Company is expected to enhance their level of commitment and contribution. The Proposed Scheme will also enable the Company to attract and retain capable individuals to act as non-executive Directors of the Company who will be responsible for providing the overall strategic decisions of the Gamuda Group.

## 5. EFFECTS OF THE PROPOSED SCHEME

### 5.1 Issued and paid-up share capital

The Proposed Scheme is not expected to have any immediate effect on the issued and paid-up share capital of Gamuda. The issued and paid-up share capital of Gamuda will increase depending on the number of new Gamuda Shares to be issued arising from the exercise of the Options. For illustrative purposes, based on the Minimum Scenario and Maximum Scenario (as defined below), the effects of the Proposed Scheme on the issued and paid-up share capital of Gamuda are as follows:

**Minimum Scenario** : Assuming none of the outstanding 2010/2015 warrants of the Company are exercised

**Maximum Scenario** : Assuming all of the outstanding 2010/2015 warrants of the Company are exercised

	<b>Minimum Scenario</b>		<b>Maximum Scenario</b>	
	<b>No. of Gamuda Shares ('000)</b>	<b>RM'000</b>	<b>No. of Gamuda Shares ('000)</b>	<b>RM'000</b>
Issued and paid-up share capital as at 15 September 2014	2,323,905	2,323,905	2,323,905	2,323,905
Assuming all the outstanding 2010/2015 warrants are exercised	-	-	83,188	83,188
	2,323,905	2,323,905	2,407,093	2,407,093
To be issued pursuant to the full exercise of the ESOS options granted under the Proposed Scheme	232,390	232,390	240,709	240,709
<b>Enlarged issued and paid-up share capital</b>	<b>2,556,295</b>	<b>2,556,295</b>	<b>2,647,802</b>	<b>2,647,802</b>

### 5.2 Net assets ("NA") and gearing

The Proposed Scheme is not expected to have an immediate effect on the consolidated NA, NA per share and the gearing of Gamuda Group until such time that the Options are exercised pursuant to the Proposed Scheme.

The effects will depend on, amongst others, the number of new Gamuda Shares to be issued upon the exercise of the Options and the Exercise Price.

Upon the exercise of the Options, the NA per share is expected to increase if the Exercise Price is higher than the NA per share at such point of exercise, and decrease if the Exercise Price is lower than the NA per share at such point of exercise.

### 5.3 Earnings and earnings per share

The Proposed Scheme is not expected to have any immediate effect on the earnings and earnings per share of the Gamuda Group.

In accordance with the Malaysian Financial Reporting Standards 2 (~~MFRS 2~~) on share based payments issued by the Malaysian Accounting Standards Board, the potential cost arising from the issuance of the Options, which is measured by the fair value of the Options after taking into consideration, *inter alia*, the number of Options granted and vested and the Exercise Price of the Options, will need to be measured at the grant date and be recognised as an expense over the vesting period of the Options, and may therefore reduce the future earnings of the Gamuda Group, the quantum of which can be determined only at the grant date.

The Company has taken note of the potential impact of MFRS 2 on the Gamuda Group's earnings and will take into consideration of such impact in the granting and vesting of the Options under the Proposed Scheme.

#### **5.4 Substantial shareholders' shareholdings**

The Proposed Scheme is not expected to have any immediate effect on the substantial shareholders' shareholdings of the Company until and unless new Gamuda Shares are issued pursuant to the exercise of Options under the Proposed Scheme. Any potential effect on Gamuda's substantial shareholders' shareholdings will depend on the number of new Gamuda Shares to be issued pursuant to the exercise of Options.

#### **5.5 Convertible securities**

As at 15 September 2014, save for 83,188,342 outstanding 2010/2015 warrants, the Company does not have any outstanding convertible securities.

### **6. APPROVALS REQUIRED**

The Proposed Scheme is conditional upon approvals being obtained from the following:

- (i) Bursa Securities, for the listing of and quotation for the new Gamuda Shares to be issued pursuant to the exercise of the Options under the Proposed Scheme;
- (ii) the shareholders of Gamuda; and
- (iii) other relevant authorities/parties, if required.

The Proposed Scheme is not conditional on any other corporate exercise scheme which has been announced but pending completion.

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

The Company proposes to seek shareholders' approval for authority to grant Options to the Directors of the Company, namely the following persons:

- (a) Datoq Lin Yun Ling, Group Managing Director of Gamuda (~~%Dato' Lin-~~);
- (b) Datoq Ir. Ha Tiing Tai, Deputy Group Managing Director (~~%Dato' Ir. Ha-~~);
- (c) the Executive Directors of Gamuda, namely Datoq Haji Azmi Bin Mat Nor, Datoq Goon Heng Wah (~~%Dato' Goon-~~) and Mr. Saw Wah Theng (~~%Mr. Saw-~~);
- (d) the Non-Executive Directors of Gamuda, namely Datoq Mohammed Bin Haji Che Hussein, Tan Sri Datoq Seri Dr Haji Zainul Ariff Bin Haji Hussain, Raja Datoq Seri Eleena Binti Sultan Azlan Shah and Tunku Afwida Binti Tunku A. Malek; and
- (e) the Alternate Directors to Datoq Lin, Datoq Ir. Ha, Datoq Goon and Mr. Saw respectively, namely Ir. Chow Chee Wah, Ir. Adrian Brian Lam, Ir. Chan Kong Wah and Mr. Soo Kok Wong.

(collectively referred as the ~~%Interested Directors-~~).

The Interested Directors, by virtue of their eligibility to participate in the Proposed Scheme in their capacity as a Director and/or employee of the Gamuda Group, are deemed interested to the extent of their respective allocations under the Proposed Scheme and the allocations to persons connected to them. Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at all relevant Board meetings in relation to their respective specific allocations under the Proposed Scheme. They will also abstain from voting, in respect of their direct and/or indirect interests in Gamuda, if any, on the resolutions pertaining to their respective allocation under the Proposed Scheme to be tabled at a general meeting to be convened. The Interested Directors will also ensure that persons connected to them will abstain from voting on their direct and/or indirect shareholdings, if any, on the resolutions pertaining to their respective allocation under the Proposed Scheme at a general meeting to be convened.

Save as disclosed above, none of the Directors, major shareholders and/or persons connected with them have any interest, direct or indirect, in the Proposed Scheme.

**8. DIRECTORS' STATEMENT**

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

**9. ADVISER**

HLIB has been appointed as the Adviser for the Proposed Scheme.

**10. EXPECTED TIME FRAME FOR APPLICATION AND COMPLETION TO THE RELEVANT AUTHORITIES**

Barring any unforeseen circumstances, the application to Bursa Securities for the listing of and quotation for the new Gamuda Shares to be issued pursuant to the exercise of the Options under the Proposed Scheme will be made within 1 month from the date of this announcement.

Barring any unforeseen circumstances, Gamuda expects to establish the Proposed Scheme by the 2nd quarter of 2015.

This announcement is dated 29 September 2014.