

# **MALAYAN BANKING BERHAD**

(3813-K)

(Incorporated in Malaysia)

## **Registered Office :**

14<sup>th</sup> Floor, Menara Maybank  
100 Jalan Tun Perak  
50050 Kuala Lumpur

12 September 2001

## **DIRECTORS:**

Tan Sri Mohamed Basir bin Ahmad (Chairman)  
Dato' Richard Ho Ung Hun (Vice-Chairman)  
Datuk Amirsham A. Aziz (Managing Director)  
Dato' Ismail Shahudin (Executive Director)  
Dato' Mohammed Hussein (Executive Director)  
Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali  
Mohammad bin Abdullah  
Dato' Mohd Hilmey bin Mohd Taib  
Haji Mohd. Hashir bin Haji Abdullah  
Teh Soon Poh  
Datuk Abdul Rahman bin Mohd. Ramli

**To: The Shareholders of Malayan Banking Berhad**

Dear Sirs / Madams

**Proposed Bonus Issue Of Up To 1,219,071,077 New Ordinary Shares Of RM1.00 Each To The Existing Shareholders Of The Company To Be Credited As Fully Paid-Up On The Basis Of One (1) New Ordinary Share Of RM1.00 Each For Every Two (2) Existing Ordinary Shares Of RM1.00 Each Held**

## **1. INTRODUCTION**

Aseambankers on behalf of your Board had on 28 August 2001 announced that the Company proposed to undertake a bonus issue of up to 1,219,071,077 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held on the Entitlement Date.

The number of new ordinary shares to be issued was arrived at based on the then issued and paid-up share capital of Maybank of 2,352,225,214 as at 30 June 2001 and a total of 85,916,941 ESOS options available to eligible employees of the Company which are exercisable into 85,916,941 new ordinary shares of RM1.00 each.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE RELEVANT INFORMATION ON THE PROPOSED BONUS ISSUE AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM. A NOTICE OF THE EGM IS SET OUT IN THIS CIRCULAR.**

## 2. THE PROPOSED BONUS ISSUE

### 2.1 Terms of the Proposed Bonus Issue

The Proposed Bonus Issue will entail the issuance of up to 1,219,071,077 new ordinary shares of RM1.00 each to be credited as fully paid-up on the basis of one (1) new ordinary share for every two (2) existing ordinary shares of RM1.00 each held by the shareholders of Maybank whose names appear on the Register of Members and/or Record of Depositors on the Entitlement Date. Such Entitlement Date shall be determined after the relevant announcement on the Book Closure Date.

The number of new shares to be issued pursuant to the Proposed Bonus Issue was arrived at based on the issued and paid-up share capital of 2,352,225,214 ordinary shares and 85,916,941 outstanding ESOS options as at 30 June 2001, which are exercisable into 85,916,941 new ordinary shares of RM1.00 each in Maybank, by the employees.

The number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue will be dependent on the share capital of the Company as at Book Closure Date (which will be determined after the EGM), which includes the number of ESOS options that have been exercised.

Based on the audited financial statements of Maybank as at 30 June 2001, the Proposed Bonus Issue will be effected by capitalising up to RM1,219,071,077 in the Retained Profits Account of the Company, which stood at approximately RM3.639 billion. The movements in the Retained Profits Account of Maybank pursuant to the Proposed Bonus Issue are as follows:

#### *a) Assuming All The Outstanding Options Under The ESOS Are Fully Exercised*

	RM'000
Balance as at 30 June 2001 (Audited)	3,638,967
Less : Amount to be capitalised for the Proposed Bonus Issue	<u>(1,219,071)</u>
Outstanding balance after Proposed Bonus Issue	<u>2,419,896</u>

#### *b) Assuming None Of The Outstanding Options Under The ESOS Are Exercised*

	RM'000
Balance as at 30 June 2001 (Audited)	3,638,967
Less : Amount to be capitalised for the Proposed Bonus Issue	<u>(1,176,113)</u>
Outstanding balance after Proposed Bonus Issue	<u>2,462,854</u>

The Proposed Bonus Issue will be offered to the shareholders whose names appear on the Register of Members on Book Closure Date, (except for MCD Nominees) including holders of securities accounts whose names appear in the Record of Depositors, a record provided by MCD to the Company. Fractions of new ordinary shares shall be disregarded and your Board reserve the right to deal with such new ordinary shares, which represents fractional interests in such manner, and on such terms they deem beneficial to the Company.

The KLSE has already prescribed the securities of Maybank to be deposited with MCD where the Securities Industry (Central Depositories) Act, 1991 and the Rules of the MCD shall apply in respect of dealings of the prescribed securities. Accordingly, the new ordinary shares to be issued pursuant to the Proposed Bonus Issue will be credited directly into the respective depositor's securities accounts, and no physical share certificate will be issued.

## 2.2 Status of the Bonus Shares

All the new ordinary shares of RM1.00 each to be issued pursuant to the Proposed Bonus Issue will, upon issue and allotment, rank pari passu in all respects with the then existing ordinary shares of Maybank, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions which may be declared prior to the date of allotment of the new ordinary shares.

In this regard, the Bonus Shares will not be entitled to the final dividend of 7.0 sen per share less 28% income tax in respect of the financial year ended 30 June 2001, as mentioned in Section 3.4 of this Circular.

## 2.3 Rationale for the Proposed Bonus Issue

The rationale for the Proposed Bonus Issue are as follows:

- i. to increase the capital base of Maybank to a level which would better reflect the Company's scale of operations;
- ii. to enhance marketability and liquidity of Maybank shares in the market;
- iii. to reward the existing shareholders of Maybank for their support by enabling them to have greater participation in the equity of the Company in terms of the number of shares held; and
- iv. to reward the employees of Maybank Group who are eligible for the ESOS via the additional allotment pursuant to the Proposed Bonus Issue and the adjustment to the number and/or exercise price for the ESOS options.

## 3. FINANCIAL EFFECTS OF THE PROPOSED BONUS ISSUE

The effects of the Proposed Bonus Issue on the share capital, NTA, earnings and dividends of Maybank Group are as follows:

### 3.1 Share Capital

The effect of the Proposed Bonus Issue on the share capital of the Company are as follows:

#### 3.1.1 Assuming all the outstanding options under the ESOS are exercised on or before Book Closure Date:

	Ordinary shares of RM1.00 each	Percentage of enlarged share capital
Existing as at 30 June 2001	2,352,225,214	64.32
Upon full exercise of the remaining ESOS shares	85,916,941	2.35
	<hr/> 2,438,142,155	<hr/> 66.67
Ordinary shares to be issued pursuant to the Proposed Bonus Issue	1,219,071,077	33.33
	<hr/> 3,657,213,232	<hr/> 100.00

**3.1.2 Assuming none of the outstanding options under the ESOS are exercised on or before Book Closure Date:**

	Ordinary shares of RM1.00 each	Percentage of enlarged share capital
Existing as at 30 June 2001	2,352,225,214	66.67
Ordinary shares to be issued pursuant to the Proposed Bonus Issue	1,176,112,607	33.33
Enlarged issued and paid-up share capital	3,528,337,821	100.00

**3.2 Earnings**

The Proposed Bonus Issue will not have any effect on the earnings of Maybank Group for the financial year ending 30 June 2002. However, the earnings per share will correspondingly be reduced as a result of the increase in the issued share capital of Maybank pursuant to the Proposed Bonus Issue.

**3.3 NTA**

The Proposed Bonus Issue will not have any material effect on the Group NTA of Maybank. However, the NTA per share of Maybank at Group and Company level will correspondingly be reduced as a result of the increase in the issued and paid-up share capital of the Company pursuant to the Proposed Bonus Issue, as follows:

**3.3.1 Group Level**

**(a) Assuming all the outstanding options under the ESOS are exercised on or before Book Closure Date:**

	Audited As At 30 June 2001 RM'000	(A) After Full Exercise Of ESOS RM'000	(B) After (A) And Proposed Bonus Issue RM'000
Share Capital	2,352,225	2,438,142	3,657,213
Share Premium	244,598	977,202 <sup>a</sup>	976,902 <sup>b</sup>
Other Reserve	2,997,294	2,997,294	2,997,294
Retained Profits	4,446,240	4,446,240	3,227,169
NTA	10,040,357	10,858,878	10,858,578
NTA per share (RM)	4.27	4.45	2.97

Notes:

<sup>a</sup> Assuming unexercised ESOS options as at 30 June 2001 are exercised at the prices as follow:

<i>Number of ESOS Options unexercised</i>	<i>Exercise price (RM)</i>
30,086,000	4.42
3,732,000	6.83
5,240,400	12.75
4,230,800	16.25
2,862,200	14.19
2,534,600	9.79
37,230,941 <sup>#</sup>	12.33*

# *The amount is in respect of the remaining ESOS options available in ESOS pool for future offers to eligible employees of Maybank Group*

\* *Assuming the ESOS options of 37,230,941 are exercised at an exercise price of RM12.33, based on the five (5) days weighted average share price of Maybank as at 4 September 2001. The actual exercise price for the subsequent offers will only be determined at the time of offer.*

<sup>b</sup> *Net of estimated expenses for the Proposed Bonus Issue amounting to approximately RM300,000.*

**(b) Assuming none of the outstanding options under the ESOS are exercised on or before Book Closure Date:**

	<b>Audited as at 30 June 2001 RM'000</b>	<b>After Proposed Bonus Issue RM'000</b>
Share Capital	2,352,225	3,528,338
Share Premium	244,598	244,298 <sup>a</sup>
Other Reserves	2,997,294	2,997,294
Retained Profits	4,446,240	3,270,127
NTA	<u>10,040,357</u>	<u>10,040,057</u>
NTA per share (RM)	4.27	2.85

*Note:*

<sup>a</sup> *Net of estimated expenses for the Proposed Bonus Issue amounting to approximately RM300,000.*

**3.3.2 Company Level**

**(a) Assuming all the outstanding options under the ESOS are exercised on or before Book Closure Date:**

	<b>Audited As At 30 June 2001 RM'000</b>	<b>(A) After Full Exercise Of ESOS RM'000</b>	<b>(B) After (A) And Proposed Bonus Issue RM'000</b>
Share Capital	2,352,225	2,438,142	3,657,213
Share Premium	244,598	977,202 <sup>a</sup>	976,902 <sup>b</sup>
Other Reserves	2,402,121	2,402,121	2,402,121
Retained Profits	3,638,967	3,638,967	2,419,896
NTA	<u>8,637,911</u>	<u>9,456,432</u>	<u>9,456,132</u>
NTA per share (RM)	3.67	3.88	2.59

Notes:

<sup>a</sup> Assuming unexercised ESOS options as at 30 June 2001 are exercised at the prices as follow:

Number of ESOS Options unexercised	Exercise price (RM)
30,086,000	4.42
3,732,000	6.83
5,240,400	12.75
4,230,800	16.25
2,862,200	14.19
2,534,600	9.79
37,230,941 <sup>#</sup>	12.33*

<sup>#</sup> The amount is in respect of the remaining ESOS options available in ESOS pool for future offers to eligible employees of Maybank Group

\* Assuming the ESOS options of 37,230,941 are exercised at an exercise price of RM12.33, based on the five (5) days weighted average share price of Maybank as at 4 September 2001. The actual exercise price for the subsequent offers will only be determined at the time of offer.

<sup>b</sup> Net of estimated expenses for the Proposed Bonus Issue amounting to approximately RM300,000.

**(b) Assuming none of the outstanding options under the ESOS are exercised on or before Book Closure Date:**

	Audited as at 30 June 2001 RM'000	After Proposed Bonus Issue RM'000
Share Capital	2,352,225	3,528,338
Share Premium	244,598	244,298 <sup>a</sup>
Other Reserves	2,402,121	2,402,121
Retained Profits	3,638,967	2,462,854
NTA	8,637,911	8,637,611
NTA per share (RM)	3.67	2.45

Note:

<sup>a</sup> Net of estimated expenses for the Proposed Bonus Issue amounting to approximately RM300,000.

### 3.4 Dividends

Maybank has declared an interim and final dividend of 5.0 sen and 7.0 sen per share respectively less 28% income tax amounting to a total of 12.0 sen per share in respect of the financial year ended 30 June 2001. Barring any unforeseen circumstances, the Board expects the Company to be in a position to maintain the same quantum of dividend for the financial year ending 30 June 2002.

## 4. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of Maybank have any interest, either direct or indirect, in the Proposed Bonus Issue beyond their entitlement under the Proposed Bonus Issue for which all existing shareholders of the Company are entitled to.

## **5. CONDITIONS TO THE PROPOSED BONUS ISSUE**

The Proposed Bonus Issue is subject to the following approvals:

- i. BNM;
- ii. the KLSE for the listing of and quotation for the Bonus Shares on the KLSE;
- iii. shareholders of the Company at the forthcoming EGM to be convened; and
- iv. any other relevant authorities (if required).

## **6. ADJUSTMENT TO THE NUMBER AND/OR EXERCISE PRICE FOR ESOS**

In accordance with Clause 12 of the ESOS Bye-Laws, an adjustment to the number and/or exercise price for the outstanding ESOS of 85,916,941 as at 30 June 2001 will be made upon issuance of the new ordinary shares of RM1.00 each pursuant to the Proposed Bonus Issue in the event that none of the ESOS option holder exercises his/her option on or before the Book Closure Date.

Maybank will inform the holders of the unexercised ESOS of the requisite adjustments immediately after finalisation of the adjustments on Book Closure Date.

## **7. DIRECTORS' RECOMMENDATION**

Having considered all the above, your Board is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and therefore recommend you to vote in favour of the resolution pertaining to the above proposal to be tabled at the forthcoming EGM.

## **8. EXTRAORDINARY GENERAL MEETING**

For the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposed Bonus Issue, an EGM, the notice of which is enclosed with this Circular, will be held at 51<sup>st</sup> Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on Thursday, 27 September 2001 immediately after the conclusion of the Company's 41<sup>st</sup> Annual General Meeting scheduled on the same day and at the same venue at 10.30 a.m. or any adjournment thereof.

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed therein as soon as possible, so as to arrive at the Registered Office of the Company not less than forty eight (48) hours before the time set for the meeting. The completion and return of the Form of Proxy does not preclude you from attending and voting in person at the meeting if you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix for further information.

Yours faithfully

For and on behalf of the Board of Directors

**Tan Sri Mohamed Basir bin Ahmad**  
Chairman