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General Announcement

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New Announcement

Submitting Merchant Bank (if applicable) : **COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD**

Submitting Secretarial Firm Name (if applicable) :

* Company name : **ASIATIC DEVELOPMENT BERHAD**

* Stock name : **ASIATIC**

* Stock code : **2291**

* Contact person : **LOW ENG KIAT**

* Designation : **ASSOCIATE DIRECTOR**

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* Type : **Announcement**

* Subject :

ASIATIC DEVELOPMENT BERHAD ("ASIATIC" OR "COMPANY")

PROPOSED AMENDMENTS TO THE BY-LAWS OF THE EXECUTIVE SHARE OPTION SCHEME FOR ELIGIBLE EXECUTIVES AND EXECUTIVE DIRECTORS OF ASIATIC AND ITS SUBSIDIARIES ("PROPOSED AMENDMENTS")

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1. INTRODUCTION

On behalf of Asiatic, Commerce International Merchant Bankers Berhad ("CIMB") wishes to announce that Asiatic proposes to amend the by-laws of its Executive Share Option Scheme ("ESOS") to reflect the new guidelines on ESOS issued on 10 May 2001 by the Securities Commission ("SC"), as well as to render consistency throughout.

2. DETAILS OF THE PROPOSED AMENDMENTS

Asiatic wishes to amend the by-laws of its ESOS in view of the flexibilities accorded under the new guidelines on ESOS issued on 10 May 2001 by the SC, as well as to render consistency throughout. Details of the amendments will be set out in a circular to shareholders of the Company to be issued later wherein approval of shareholders will be sought at an Extraordinary General Meeting ("EGM") to be convened. The maximum number of shares available under the ESOS together with the number of shares issued pursuant to the exercise of options under a previous ESOS implemented by Asiatic will

remain at ten per cent (10%) of the issued share capital of the Company at the time of the offer during the existence of the ESOS.

3. RATIONALE FOR THE PROPOSED AMENDMENTS

The objective of establishing the ESOS is to motivate, reward and retain eligible employees of the Asiatic Group whose services are considered vital to the operations and continued growth of the Group.

The Proposed Amendments allow for greater flexibilities to be incorporated into the ESOS with the intention of enhancing the objectives of the ESOS, whilst keeping in line with the new guidelines on ESOS issued by the SC.

4. EFFECTS OF THE PROPOSED AMENDMENTS

The Proposed Amendments will not have any effect on the share capital, net tangible assets per share, earnings per share and the shareholdings of the substantial shareholders of the Group. However, the shareholdings of the Executive Directors of Asiatic who are eligible for the ESOS may increase if additional options are allotted to them (and subsequently exercised).

5. CONDITIONS OF THE PROPOSED AMENDMENTS

The Proposed Amendments are subject to the approvals of the SC and shareholders of the Company at an EGM to be convened.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Under the Proposed Amendments, Tan Sri Mohd Amin bin Osman, Dato' Baharuddin bin Musa, Dato' Lim Kok Thay and Tan Sri Lim Goh Tong, being Executive Directors, would have an option to subscribe for up to a maximum of 1,500,000 new ordinary shares in the Company available under the ESOS subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the by-laws of the ESOS. As such, they are deemed interested to the extent of the increase in the limit of their entitlement pursuant to the Proposed Amendments.

Accordingly, they have abstained and will continue to abstain from voting at the relevant Board meetings of Asiatic held to consider their respective increased entitlement pursuant to the Proposed Amendments. They will also abstain from voting in respect of their direct and/or indirect shareholdings on the resolutions in respect of their respective increased entitlements to be tabled at the EGM to be convened.

Save as disclosed above, none of the other Directors or major shareholders of Asiatic has any interest, direct and/or indirect, in the Proposed Amendments. Based on the records of the Company, no person connected with the Directors and major shareholders of Asiatic has declared to Asiatic his/her interest, direct or indirect, in the Proposed Amendments.

7. DIRECTORS' RECOMMENDATION

The Board of Directors of Asiatic, after careful deliberation, is of the opinion that the Proposed Amendments are in the best interest of Asiatic.

8. SUBMISSION TO THE SC

An application to the SC for the Proposed Amendments is expected to be made within three (3) months from the date of this announcement.

9. ADVISER

CIMB has been appointed by Asiatic as adviser for the Proposed Amendments.