

Announcement

NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) : ESOS PARAGON UNION BERHAD ("PUB" OR "COMPANY") PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE SCHEME OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME, COMPRISING A SHARE OPTION SCHEME AND A SHARE GRANT SCHEME, FOR ELIGIBLE EMPLOYEES, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS OF THE COMPANY AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED LTIS")

PARAGON UNION BERHAD

Type	Announcement
Subject	NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) ESOS
Description	PARAGON UNION BERHAD ("PUB" OR "COMPANY") PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE SCHEME OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME, COMPRISING A SHARE OPTION SCHEME AND A SHARE GRANT SCHEME, FOR ELIGIBLE EMPLOYEES, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS OF THE COMPANY AND ITS NON-DORMANT SUBSIDIARIES ("PROPOSED LTIS")

On behalf of the Board of Directors of PUB ("**Board**"), TA Securities Holdings Berhad ("**TA Securities**") wishes to announce that the Company proposes to undertake a proposed establishment of a long-term incentive scheme ("**Proposed LTIS**") of up to 15% of the total number of issued ordinary shares of PUB ("**PUB Shares**" or "**Shares**") (excluding treasury shares, if any) at any point in time during the duration of the scheme, comprising a share option scheme ("**Proposed Share Option Scheme**") and a share grant scheme ("**Proposed Share Grant Scheme**"), for eligible employees, executive directors and non-executive directors of the Company and its non-dormant subsidiaries.

Please refer to the attachment for further details of the Proposed LTIS.

This announcement is dated 7 October 2022.

Announcement Info

Company Name	PARAGON UNION BERHAD
Stock Name	PARAGON
Date Announced	07 Oct 2022
Category	General Announcement for PLC
Reference Number	GA1-07102022-00016

PARAGON UNION BERHAD (“PUB” OR “COMPANY”)

PROPOSED ESTABLISHMENT OF A LONG-TERM INCENTIVE SCHEME OF UP TO 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE SCHEME, COMPRISING A SHARE OPTION SCHEME AND A SHARE GRANT SCHEME, FOR ELIGIBLE EMPLOYEES, EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS OF THE COMPANY AND ITS NON-DORMANT SUBSIDIARIES

1. INTRODUCTION

On behalf of the Board of Directors of PUB (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company proposes to undertake a proposed establishment of a long-term incentive scheme (“**Proposed LTIS**”) of up to 15% of the total number of issued ordinary shares of PUB (“**PUB Shares**” or “**Shares**”) (excluding treasury shares, if any) at any point in time during the duration of the scheme, comprising a share option scheme (“**Proposed Share Option Scheme**”) and a share grant scheme (“**Proposed Share Grant Scheme**”), for eligible employees, executive directors and non-executive directors of the Company and its non-dormant subsidiaries.

2. DETAILS OF THE PROPOSED LTIS

The Proposed LTIS involves the establishment of a long-term incentive scheme (“**Scheme**”) of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the Scheme for the eligible employees, executive directors and non-executive directors of PUB and its subsidiaries (“**PUB Group**” or “**Group**”) (excluding dormant subsidiaries) who fulfil the eligibility criteria for participation in the Proposed LTIS as set out in the by-laws governing the Proposed LTIS (“**By-Laws**”) (“**Eligible Person(s)**”).

(i) Proposed Share Option Scheme

The Company is proposing to grant share options (“**Share Options**”) to Eligible Persons with the right to subscribe for new Shares at the subscription price (“**Option Price**”), subject to the fulfilment by the Eligible Persons (i.e., eligible employees, executive directors and non-executive directors of the Group (excluding dormant subsidiaries)) of certain performance targets to be prescribed by a committee to be duly appointed and authorised by the Board from time to time to implement and administer the Proposed LTIS in accordance with the By-Laws (“**LTIS Committee**”). Nevertheless, no performance target has been set for the vesting of Share Options at this juncture.

Upon acceptance of the Share Options by the Eligible Persons (“**Share Options Grantee(s)**”), the Share Options will be vested to the Share Options Grantee over the duration of the Scheme, subject to the Share Options Grantee fulfilling certain vesting conditions as determined by the LTIS Committee at a later date after the establishment of the Proposed LTIS. The Share Options when vested and exercised under the Proposed Share Option Scheme will be satisfied by the allotment and issuance of new PUB Shares.

The Option Price shall be based on the 5-day volume weighted average market price (“**VWAP**”) of PUB Shares, as quoted on Bursa Malaysia Securities Berhad (“**Bursa Securities**”), immediately preceding the date of offer with a discount of not more than 10% (or such other percentage of discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time).

(ii) Proposed Share Grant Scheme

The Proposed Share Grant Scheme is intended to allow the Company to award PUB Shares (“**Share Award(s)**”) to the Eligible Persons (i.e., eligible employees, executive directors and non-executive directors of the Group (excluding dormant subsidiaries)), subject to the fulfilment of certain performance targets to be prescribed by the LTIS Committee. Nevertheless, no performance target has been set for the vesting of Share Awards at this juncture.

A Share Award, once accepted by the Eligible Person (“**SGS Grantee(s)**”), will vest in the SGS Grantee at no cost to the SGS Grantee subject to the Grantee fulfilling certain vesting conditions as determined by the LTIS Committee at a later date after the establishment of the Proposed LTIS.

The vesting of PUB Shares under the Proposed Share Grant Scheme will be satisfied by the allotment and issuance of new PUB Shares (without any cash consideration payable by the SGS Grantee).

*(Share Options and Share Awards are collectively referred to as “**LTIS Awards**” and any one of them is referred to as the “**LTIS Award**”)*

*(Share Options Grantee and SGS Grantee are collectively referred to as “**Grantees**” and any one of them is referred to as the “**Grantee**”)*

For the avoidance of doubt, the proportion/ quantum of shares to be awarded/ allocated under the Proposed Share Option Scheme and Proposed Share Grant Scheme, under the Proposed LTIS has not been determined at this juncture.

The Proposed LTIS will be implemented and administered by the LTIS Committee. The members of the LTIS Committee may comprise of Directors, senior management personnel of the Group and/ or other persons identified and appointed from time to time by the Board. As at 30 September 2022, being the latest practicable date prior to this announcement (“**LPD**”), the composition of the LTIS Committee has yet to be decided by the Board.

The LTIS Committee will have the absolute discretion in implementing and administering the Proposed LTIS. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the LTIS Committee pursuant to the By-Laws may be exercised at the LTIS Committee’s sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the LTIS Committee’s functions and responsibilities. The decision as to whether or not to stagger the allocation of the LTIS Award over the duration of the Proposed LTIS shall be determined by the LTIS Committee at a later date.

The indicative principal features of the Proposed LTIS are as follows:

No.	Terms	Details
(1)	Duration of the Scheme	: Subject to the By-Laws, the Scheme when implemented, shall take effect on the date of full compliance with the relevant requirements of the Main Market Listing Requirements of Bursa Securities (“ Listing Requirements ”) (“ Effective Date ”) and shall be in force for a period of 5 years from the Effective Date and may be extended or renewed (as the case may be) for a further period of 5 years or such shorter period, at the sole and absolute discretion of the Board upon the recommendation by the LTIS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to the By-Laws shall not in aggregate exceed a duration of 10 years from the Effective Date. For the avoidance of doubt, no further sanction, approval or authorisation of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be).

No.	Terms	Details
		On expiry of the Scheme, Share Options which have been vested but remained unexercised or any Share Awards which have yet to be vested (whether fully or partially) shall be deemed terminated and be null and void.
(2)	Maximum number of PUB Shares available under the Proposed LTIS	: The maximum number of PUB Shares that may be issued under the Scheme shall not exceed 15% of the total number of issued PUB Shares (excluding treasury shares, if any) at any point in time during the duration of the Scheme.
(3)	Basis of allotment and maximum allowable allotment	<p data-bbox="587 472 1394 689">: Subject to the By-Laws and any adjustment which may be made under the By-Laws, the aggregate maximum number of Shares that may be allocated to an Eligible Person pursuant to the Scheme shall be determined and entirely at the sole and absolute discretion of the LTIS Committee after taking into consideration, amongst other factors, the Eligible Person's performance, contribution, employment grade, seniority, length of service and/ or such other factors as the LTIS Committee deems fit, and subject to the following conditions:</p> <ul style="list-style-type: none"> <li data-bbox="587 719 1394 831">(i) the total number of Shares made available under the Proposed LTIS shall not exceed 15% of the total number of issued PUB Shares (excluding treasury shares, if any) at any point in time during the duration of the Scheme; <li data-bbox="587 860 1394 1003">(ii) not more than 10% of the total number of Shares to be issued under the Proposed LTIS shall be allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares); <li data-bbox="587 1032 1394 1361">(iii) not more than 70% of the total number of Shares to be issued under the Scheme shall be allocated, in aggregate, to the Directors and senior management of the Group (excluding dormant subsidiaries) who are Eligible Persons (where "senior management" shall be subject to any criteria as may be determined by the LTIS Committee from time to time). This is intended to (a) incentivise the Directors of the Group for their contribution towards the development, growth and success and strategic direction of the Group, to drive long-term shareholder value enhancement of the Group; and (b) incentivise the senior management of the Group for their commitment, dedication and loyalty towards attainment of higher performance. The basis was determined by the Board taking into consideration: <ul style="list-style-type: none"> <li data-bbox="655 1384 1394 1496">(aa) the number of directors and senior management who are eligible to participate in the Proposed LTIS as well as their position, ranking, seniority, length of service and contribution to the Group; and <li data-bbox="655 1525 1394 1608">(bb) they are crucial to the performance of the Group as the Directors and senior management are key drivers of the Group's business and operations, <li data-bbox="587 1637 1394 1742">(iv) the directors and senior management of the Group and members of the LTIS Committee who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any, <p data-bbox="587 1771 1394 1854">provided always that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.</p>

No.	Terms	Details
		<p>The LTIS Committee shall have the discretion in determining:</p> <ul style="list-style-type: none"> (i) the maximum number of Share Options and/ or Share Awards that can be offered under the Scheme in relation to each class or grade of the Directors and employees and the aggregate maximum number of Share Options and/ or Share Awards that can be offered to the Directors and senior management of the Group (excluding dormant subsidiaries) under the Scheme from time to time, and the decision of the LTIS Committee shall be final and binding; (ii) whether the granting of the Share Options and/ or Share Awards to the Eligible Persons will be based on staggered granting over the duration of the Scheme or in 1 single grant or separate and independent with each other, including the maximum allocation of the offer of the LTIS Awards for each financial year in the event the Offer is staggered over the duration of the Scheme; (iii) whether the Share Options and/ or Share Awards are subject to any performance targets, vesting period, and if so, to determine the vesting conditions for the Share Options and/ or Share Awards; and/ or (iv) whether any vesting condition has been fully and duly satisfied. If applicable, where the LTIS Committee has determined that the vesting conditions have been fully and duly satisfied, the LTIS Committee shall notify the Grantee the number of Share Options vested or which will be vested to him/her on the vesting date. <p>The Company shall ensure that allocation of LTIS Awards is verified by its Audit Committee at the end of each financial year as being in compliance with the criteria for allocation of LTIS Awards which have been disclosed to the Eligible Persons.</p> <p>No performance target has been set for the vesting of LTIS Awards at this juncture. The LTIS Committee may from time to time at its own discretion decide on the performance targets.</p>
(4)	Eligibility	<p>: Subject to the discretion of the LTIS Committee, only Eligible Persons who fulfil the following conditions shall be eligible to participate in the Scheme:</p> <ul style="list-style-type: none"> (i) in respect of an employee, the employee must, as at the date of the offer of the LTIS Award: <ul style="list-style-type: none"> (a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; (b) entered into a full-time or fixed-term contract with, and is on the payroll of, any company within the Group (excluding dormant subsidiaries), and whose service has been confirmed and have not served a notice of resignation or received a notice of termination by the relevant company within the Group; and (c) fulfilled any other eligibility criteria as may be set by the LTIS Committee at any time and from time to time. (ii) in respect of a Director, the Director must, as at the date of the offer of the LTIS Award: <ul style="list-style-type: none"> (a) attained the age of 18 years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings; (b) has been appointed as a Director of any company within the Group (excluding dormant subsidiaries) for such period as may be determined by the LTIS Committee prior and up to the date of offer; and

No.	Terms	Details
		<p>(c) fulfilled any other eligibility criteria as may be set by the LTIS Committee at any time and from time to time.</p> <p>(iii) in respect of a Director or an employee who is serving under an employment contract with any company within the Group (excluding dormant subsidiaries), such employment contract must be for a fixed duration of at least 1 year (which shall include any probation period), unless otherwise decided by the LTIS Committee in its absolute discretion; and</p> <p>(iv) the LTIS Committee may in its absolute discretion determine any other eligibility criteria and/ or waive any of the eligibility criteria as set out above for the purpose of selecting an Eligible Person at any time and from time to time, and the decision of the LTIS Committee shall be final and binding.</p> <p>Eligibility under the Scheme does not confer upon the Eligible Person a claim or right to participate in or any rights whatsoever under the Proposed LTIS unless the LTIS Committee has made an offer to the Eligible Person in the manner set out in the By-Laws and the Eligible Person has accepted the offer in accordance with the terms of offer and the Proposed LTIS.</p> <p>The specific allotment to be made to any Eligible Person who is a Director, major shareholder or chief executive of the Company or holding company of the Company ("Interested Party(ies)") or a person connected with any of the Interested Parties, the specific allocation of Share Options and/ or Share Awards granted by the Company to him/ her under the Scheme must be approved by the shareholders of the Company at a general meeting unless such approval is no longer required under the Listing Requirements provided always that such Interested Party and persons connected with them shall not have voted on the resolution approving their respective allocation.</p>
(5)	Retention period	<p>: The Shares to be issued/ transferred to a Grantee (save for a Grantee who is a non-executive Director) pursuant to the exercise of a Share Option or vesting of a Share Award under the Scheme, shall not be subject to any retention period or restriction on transfer. However, the Company encourages the Grantees to hold the Shares issued under the Proposed LTIS to them as a long-term investment and not for any speculative and/ or realisation to yield a profit. Notwithstanding the foregoing, the LTIS Committee shall be entitled to prescribe or impose, in relation to any offer, any condition relating to any retention period or restrictions on transfer as it sees fit.</p> <p>A Grantee who is a non-executive Director shall be subjected to the restrictions on dealing in accordance with any prevailing and applicable guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time including, but not limited to Paragraph 8.20 of the Listing Requirements which prohibits a non-executive Director from selling, transferring or assigning the Shares obtained through the LTIS Awards offered to him pursuant to the Scheme within 1 year from the date of offer of such LTIS Awards.</p>
(6)	Alteration of share capital and adjustment	<p>: In the event of any alteration in the share capital of the Company during the duration of the Scheme, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of PUB Shares or reduction of capital or any other variation of capital shall take place or if the Company shall make a capital distribution during the duration of the Scheme, then the Company shall cause the following adjustments to be made to:</p> <p>(i) the Option Price and/ or the reference price which is used to determine the number of Shares to be granted under the Share Award;</p> <p>(ii) the number of Shares which are the subject of a Share Option and/ or Share Award to the extent not yet vested and/ or vested but not credited into the CDS Account;</p>

No.	Terms	Details
		<p>(iii) the number of Shares over which future Share Options may be offered and/ or further Share Award may be granted; and/ or</p> <p>(iv) the maximum number of existing Shares which may be delivered in settlement pursuant to the Share Award,</p> <p>as shall be necessary to ensure that any adjustments made in such manner as the LTIS Committee may determine to be appropriate and except in relation to a bonus issue, subdivision or consolidation of shares upon the confirmation in writing by auditor or adviser (as determined in accordance with the By-Laws) (acting as experts and not as arbitrators), that, in their opinion, such adjustment is fair and reasonable.</p>
(7)	Modifications, variations and/ or amendments to the By-Laws	<p>: Subject to the provisions of By-Laws and compliance with the Listing Requirements, the LTIS Committee may at any time and from time to time recommend to the Board any additions, modifications or amendments to or deletions of the By-Laws as it shall, at its sole discretion, deems fit and the Board shall have the power at any time and from time to time by resolution to add to, amend, modify and/ or delete all or any of the terms in the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities each time an amendment and/ or modification is made, stating that the amendment and/ or modification is in compliance with the provisions of the Listing Requirements and the Rules of Bursa Malaysia Depository Sdn Bhd.</p> <p>Subject to the By-Laws, the approval of the shareholders of the Company in general meeting shall not be required in respect of additions, modifications or amendments to or deletions of these By-Laws (including any additions, modifications or amendments to or deletions of these By-Laws for purposes of complying with the Act) provided that no additions, modifications or amendments to or deletions of these By-Laws shall be made which would:</p> <p>(i) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or</p> <p>(ii) increase the number of Shares available under the Proposed LTIS beyond the maximum imposed by item (2) above (under Maximum number of PUB Shares available under the Proposed LTIS); or</p> <p>(iii) prejudice any rights of the shareholders of the Company; or</p> <p>(iv) alter to the advantage of Eligible Persons and/ or Grantees, any matter which is required to be contained in the By-Laws by virtue of the Listing Requirements, without the prior approval of the shareholders of the Company in a general meeting.</p>
(8)	Termination of the Scheme	<p>: Subject to compliance with the Listing Requirements, other requirements of Bursa Securities and any other relevant authorities, the Scheme may be terminated by the LTIS Committee at any time before the date of expiry, being the last day of the duration of the Scheme, provided that the Company makes an announcement immediately to Bursa Securities. The announcement shall include:</p> <p>(i) the effective date of termination (“Termination Date”);</p> <p>(ii) the number of Share Options exercised and/ or Shares vested; and</p> <p>(iii) the reasons for termination.</p> <p>In the event of termination of the Proposed LTIS, the following provisions shall apply:</p> <p>(i) no further LTIS Award shall be made by the LTIS Committee from the Termination Date;</p> <p>(ii) all LTIS Awards which have yet to be accepted by the Eligible Person(s) shall automatically lapse on the Termination Date;</p>

No.	Terms	Details
		<p>(iii) all LTIS Awards which have yet to be vested in the Eligible Persons shall automatically lapse on the Termination Date; and</p> <p>(iv) all outstanding Share Options which have yet to be exercised by Grantees and/ or vested and all outstanding Share Awards to any unvested Shares, as the case may be shall be automatically terminated on the Termination Date.</p> <p>Approval or consent of shareholders by way of a resolution in a general meeting and written consent of the Grantees whose Share Options or Shares pursuant to Share Awards have yet to be exercised or vested are not required to effect the termination of the Scheme.</p>

2.1 Basis of determining the Option Price and issue price of the Share Award

Proposed Share Option Scheme

The Option Price of the Share Options shall be a price to be determined by the LTIS Committee based on the 5-day VWAP of the Shares immediately preceding the date of offer subject to a discount of not more than 10% or such other percentage or discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time.

Proposed Share Grant Scheme

A Share Award, once accepted by the Eligible Person, will vest at no cost to the SGS Grantee if the vesting conditions stipulated in the said Share Award (if any) have been satisfied on the vesting date(s).

A Share Award under the Proposed Share Grant Scheme may be granted on a staggered basis over the duration of the Proposed LTIS. The vesting of PUB Shares under the Proposed Share Grant Scheme will be satisfied by the allotment and issuance of new PUB Shares.

The reference price of the PUB Shares under the Share Awards to be awarded will be determined based on the market value of the PUB Shares, which will take into account, among others the 5-day VWAP of PUB Shares immediately preceding the date of offer.

2.2 Rights attaching to the Share Options, Share Awards and ranking of the new PUB Shares

The LTIS Awards shall not carry any right to vote at any general meeting of the Company until the Shares are allotted and issued to the Grantee. The new PUB Shares to be issued arising from the Proposed LTIS will be subject to the provisions of the Company's Constitution relating to transfer, transmission or otherwise of the Shares including the rights of the holder of the Shares on the winding up of the Company.

New PUB Shares to be issued arising from the Proposed LTIS, upon allotment and issuance, shall rank equally and carry the same rights with the then existing PUB Shares. However, such new Shares will not be entitled to any dividends, rights, allotment and/ or any other distributions which may be declared, made or paid to the Company's shareholders unless such new Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

2.3 Listing of shares issued under the Scheme

An application will be made for the listing of and quotation for such new Shares to be issued pursuant to the Proposed LTIS, on the Main Market of Bursa Securities.

3. USE OF PROCEEDS

The Proposed LTIS is not expected to raise any funds immediately as the LTIS Awards will be issued at no cost to the Eligible Persons.

However, as and when the Share Options are exercised, the exact quantum of proceeds that may be raised by PUB will depend upon the exercise price and actual number of Share Options exercised during the tenure of the Scheme. As such, the exact timeframe and the breakdown for the utilisation of the proceeds are not determinable at this juncture.

The Company intends to utilise the proceeds arising from the exercise of the Share Options, if any, for the working capital of the Group. The working capital raised from the exercise of the Share Options will be utilised to finance the Group's day-to-day operations, including the payment to trade and other payables as well as defrayment of operational and administrative expenses (e.g., staff costs, utilities, marketing expenses). The allocation of proceeds to be utilised for each component of working capital shall be subjected to the Group's operational requirements at the time of utilisation. As such, the detailed allocation can only be determined by the Board at a later date.

Pending utilisation of the proceeds to be raised as and when the Share Options are exercised, the proceeds may be placed in deposits with licensed financial institutions and/ or short-term money market instruments. The interest derived from the deposits with licensed financial institutions and/ or any gains arising from the short-term money market instruments will be used as additional funds for the working capital requirements of the Group.

3.1 Equity fund raising exercise undertaken by the Company in the past 12 months up to the LPD

Reference is made to the Company's announcement dated 23 August 2021 ("**Private Placement Announcement**") in relation to the private placement of up to 20% of the total number of issued shares of PUB (excluding treasury shares) in accordance with a general mandate pursuant to section 75 and section 76 of the Companies Act 2016 ("**Private Placement**"). The Private Placement was completed on 15 December 2021 and, PUB has allotted and issued a total of 13,829,652 new Shares pursuant to the Private Placement raising gross proceeds of RM17.08 million.

As at the LPD, the status of the utilisation of the proceeds from Private Placement by the Group is as follows:

Description	Proceeds raised	Actual utilisation	Balance unutilised
	(RM'000)	(RM'000)	(RM'000)
Repayment of bank overdraft	7,600	7,600	-
General working capital	9,347	9,347	-
Expenses relating to the Private Placement	133	133	-
Total	17,080	17,080	-

Save as disclosed above, PUB has not undertaken any fund-raising exercise in the past 12 months up to the LPD.

4. RATIONALE FOR THE PROPOSED LTIS

The objective of incorporating both the Proposed Share Option Scheme and Proposed Share Grant Scheme under the Proposed LTIS is to provide the Company with the flexibility in determining the mode/ manner of rewarding its employees at the relevant point in time which will take into consideration various factors, amongst others, impact to the earnings and funding requirements of the Group.

The Proposed LTIS is established to achieve the following objectives:

- (i) to drive and motivate the Eligible Persons to work towards achieving the Group's goals and objectives;
- (ii) to reward the Eligible Persons in recognition of their contribution to the operations and continued growth of the Group;
- (iii) to retain the Eligible Persons by giving them a sense of ownership, loyalty and belonging to the Group by enabling them to participate directly in the equity of the Company;
- (iv) to align the interests of the Eligible Persons with the interests of the shareholders by providing an incentive for the Eligible Persons to participate in the future growth of the Group and motivating them towards achieving better performance; and
- (v) to attract and retain high-calibre Eligible Persons.

The non-executive Directors are also eligible to participate in the Scheme. This is to recognise their contribution to the Company, their independent views in the decision-making process and maintaining good corporate practices. The LTIS Awards under the Proposed LTIS will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company as non-executive directors who will assist in providing inputs in the overall strategic decisions and direction of the Group.

On 15 May 2020, the Company announced its executives' share scheme which enables the Company to award up to 5,301,700 Shares to the Company's eligible Directors and employees of PUB Group over a duration of 3 years by utilising its existing 5,301,700 treasury shares ("**ESS 2020**") which took effect on 15 May 2020 ("**ESS Effective Date**"). On 6 July 2022, the Company announced that it has terminated the Company's ESS 2020. As at the LPD, the total number of awards granted and vested under the ESS 2020 amounted to 4,449,960 Shares representing approximately 5.31% of PUB's total number of 83,829,652 Shares in issue as at the LPD.

The Proposed LTIS would provide the Company with a fresh scheme for a period of 5 years from the effective date of the Proposed LTIS or subject to further extension of up to 5 years (at the sole and absolute discretion of the Board upon the recommendation by the LTIS Committee), to achieve the objectives of the Proposed LTIS as set out above. The Group believes that it is important to continue rewarding, to retain and motivate its employees in the long term. Hence, the Company intends to undertake the Proposed LTIS in place of the ESS 2020, such that the Group has a new avenue to continue rewarding the Eligible Persons and motivate them to achieve better performance in the future.

5. EFFECTS OF THE PROPOSED LTIS

5.1 Share capital

Strictly for illustrative purposes only, assuming that the number of LTIS Awards has been fully satisfied through the issuance of new Shares (i.e., based on the 15% limit of the Company's issued ordinary share capital as at the LPD, is fully granted, vested and such LTIS Awards are fully satisfied through the issuance of new Shares), the pro forma effect of the Proposed LTIS on the share capital of the Company is as follows:

	No. of Shares	Share capital (RM)
Share capital as at the LPD	83,829,652	84,470,706
New Shares to be issued pursuant to the Proposed LTIS	12,574,400	*18,260,544
Enlarged share capital	96,404,052	102,731,250

Note:

* Based on the 5-day VWAP of PUB Shares up to the LPD of RM1.4522.

5.2 Net assets ("NA") and gearing

The Proposed LTIS is not expected to have an immediate effect on the NA and gearing of the Group until such time when the new PUB Shares are issued in satisfaction of the Share Options exercised. Any potential effects on the NA and gearing of the Group will depend on the number of new Shares to be issued which can only be determined at the point of:

- (i) exercise of the Share Options; and
- (ii) vesting of PUB Shares under the Share Awards.

Upon exercise of the Share Options, the NA per Share is expected to increase if the Option Price is higher than the NA per Share at such point of exercise. The NA is expected to decrease if the Option Price is lower than the NA per Share at such point of exercise.

In respect of the Share Awards, there is no impact on the NA and gearing when the Share Awards are vested. The NA per Share is expected to be diluted following the allotment and issuance of new PUB Shares when the Share Awards are vested.

5.3 Earnings and earnings per share ("EPS")

The estimated expenses in relation to the Proposed LTIS is approximately RM0.16 million. The Proposed LTIS is not expected to have any immediate material effect on the earnings and EPS of the Group until such time when the Share Options and/ or Share Awards are granted and exercised/ vested.

Any potential effect on the EPS of the Group in the future will depend on the number of Share Options and/ or Share Awards granted and/ or vested, the Option Price and the non-cash expenses arising from the granting of the LTIS Awards under Malaysian Financial Reporting Standard 2 – Share-based Payment ("MFRS 2").

The quantum of such impact cannot be determined at this juncture as it will be measured at the date of granting or vesting of the LTIS Awards based on, amongst others, the share price volatility, risk-free interest rate, share price/ fair value of the share and/ or pricing model.

The fair value of the Share Options or Shares Awards granted under the Proposed LTIS will be recognised as an expense in the profit or loss account of the Group over the vesting period of the Share Options or Share Awards. However, it should be noted that the estimated cost does not represent a cash outflow by the Group as it is merely an accounting treatment.

The Board takes note of the potential impact of MFRS 2 on the Group's future earnings and shall take into consideration such impact in the allocation and granting of Share Options and/ or Share Awards to the Eligible Persons.

5.4 Substantial Shareholders' shareholding

The Proposed LTIS is not expected to have any immediate effect on the substantial shareholders' shareholdings in the Company until and unless new Shares are issued pursuant to the exercise of the Share Options and/ or vesting of the Share Awards.

Any potential effect on the substantial shareholders' shareholdings in the Company would depend on the number of new Shares to be issued at the relevant point in time.

5.5 Convertible securities

The Company does not have any convertible securities as at the LPD.

6. APPROVALS REQUIRED AND CONDITIONALITY

The Proposed LTIS is subject to the following approvals being obtained:

- (i) the approval of Bursa Securities for the listing and quotation of such number of new PUB Shares, representing up to 15% of the total number of issued shares of PUB (excluding treasury shares, if any) at any point in time during the duration of the Scheme to be issued pursuant to the Proposed LTIS on the Main Market of Bursa Securities;
- (ii) the approval of shareholders at an extraordinary general meeting ("**EGM**") to be convened; and
- (iii) the approvals/ consents of any other relevant authorities and/ or parties, if required.

The Proposed LTIS is not conditional upon any proposal undertaken or to be undertaken by the Company.

For the avoidance of doubt, the approval of the Company's shareholders will be sought for the proposed allocation/ award under the Proposed LTIS to the Director, major shareholder or chief executive officer of the Company or holding company of the Company (i.e., Interested Parties) or a person connected with any of the Interested Parties ("**Proposed Allocation**"). The Proposed Allocation is conditional upon the Proposed LTIS and will only be implemented upon the implementation of Proposed LTIS.

The application in relation to the Proposed LTIS will be submitted to Bursa Securities within 2 months from this announcement.

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

All the Directors of the Company are deemed interested in the Proposed LTIS by virtue of their eligibility for the LTIS Awards and in respect of their allocations as well as allocations to persons connected with them under the Proposed LTIS.

As the Board is desirous to allocate the LTIS Awards to the Directors, each of the Directors will abstain from all Board deliberations and voting in respect of allocation of the LTIS Awards to themselves as well as the allocations to any persons connected with them.

The Directors of PUB shall abstain from voting in respect of any of their direct and/ or indirect shareholdings at the forthcoming EGM on the ordinary resolutions to be tabled for any of their respective proposed allocation as well as to any proposed allocation to the persons connected with them.

The Directors of PUB will undertake to ensure that any persons connected with them will abstain from voting in respect of any of their direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to their respective proposed allocation and proposed allocation to the persons connected with them to be tabled at the EGM.

The direct and indirect shareholdings of the Directors and major shareholder as at the LPD are set out below:

	Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Directors				
Koon Hoi Chun [^]	832	0.99	*39,980	47.69
Wong Ee-Coln	350	0.42	-	-
Chan Weng Fui	-	-	-	-
Tan Vei Teck	-	-	-	-
Tong Siut Moi	-	-	-	-
Major shareholder				
AKK Capital Sdn Bhd [^]	39,980	47.69	-	-

Notes:

* Deemed interest by virtue of his substantial shareholding in AKK Capital Sdn Bhd.

[^] Pledged securities with HLB Nominees (Tempatan) Sdn Bhd.

8. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposed LTIS including, the rationale and effects of the Proposed LTIS, is of the opinion that the Proposed LTIS is in the best interest of the Company.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all relevant approvals being obtained, the Proposed LTIS is expected to be implemented by 4th quarter 2022.

10. ADVISER

TA Securities has been appointed by the Company to act as the Adviser for the Proposed LTIS.

This announcement is dated 7 October 2022.