

BONIA CORPORATION BERHAD (“BONIA” OR “COMPANY”)

Proposed purchase by Bonia of its own ordinary shares on Bursa Malaysia Securities Berhad of not more than ten percent (10%) of the issued and paid-up share capital of Bonia

1. INTRODUCTION

On behalf of the Board of Directors of Bonia (“Board”), HwangDBS Investment Bank Berhad (“HwangDBS”) wishes to announce that the Company proposes to undertake the purchase of its own ordinary shares on Bursa Malaysia Securities Berhad (“Bursa Securities”) of not more than ten percent (10%) of the issued and paid-up share capital of Bonia (“Proposed Share Buy-Back”).

2. THE PROPOSED SHARE BUY-BACK

The Board proposes to seek a mandate from the shareholders of Bonia to purchase and/or hold in aggregate up to ten percent (10%) of the issued and paid-up share capital of the Company at any point in time through Bursa Securities.

As at 20 August 2008, the issued and paid-up share capital of the Company stood at RM100,785,925 comprising 201,571,850 ordinary shares of RM0.50 each in Bonia (“Shares”). Hence, up to 20,157,185 Shares may be purchased by the Company pursuant to the Proposed Share Buy-Back.

The shareholders’ mandate for the Proposed Share Buy-Back will be effective upon the passing of the ordinary resolution for the Proposed Share Buy-Back at a forthcoming Extraordinary General Meeting (“EGM”) until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, following the EGM of the Company at which such resolution was passed, at which time the said authority would lapse unless renewed by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting,

whichever occurs first.

3. RATIONALE

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources to purchase its own Shares from Bursa Securities. It may stabilise the supply and demand of its Shares traded on Bursa Securities, thereby supporting its fundamental value.

The Proposed Share Buy-Back, whether to be held as treasury shares or subsequently cancelled, will effectively reduce the number of Shares carrying voting and participation rights. Therefore, the shareholders of the Company may enjoy an increase in the value of their investment in Bonia due to the increase in the Company’s earnings per share (“EPS”).

The purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising potential gain without affecting the total issued and paid-

up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. FINANCIAL EFFECTS

The financial effects of the Proposed Share Buy-Back are set out below.

4.1 Share capital

The effect of the Proposed Share Buy-Back on the share capital of Bonia will depend on whether the Shares purchased are cancelled or retained as treasury shares.

The proforma effects of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company are set out in **Table 1**.

However, the Proposed Share Buy-Back will have no effect on the issued and paid-up share capital of Bonia if all the Shares purchased are to be retained as treasury shares, resold or distributed to its shareholders.

4.2 Net assets (“NA”)

The consolidated NA of the Company may increase or decrease depending on the number of Shares purchased, the purchase prices of the Shares, the effective cost of funding and the treatment of the Shares purchased.

The Proposed Share Buy-Back will reduce the NA per Share when the purchase price exceeds the NA per Share at the time of purchase. On the contrary, the NA per Share will increase when the purchase price is less than the NA per Share at the time of purchase.

4.3 Earnings

The effects of the Proposed Share Buy-Back on the consolidated earnings of Bonia would depend on the purchase prices of the Shares, the effective cost of funding, the number of Shares purchased or any loss in interest income. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back will, generally, all else being equal, have a positive impact on the consolidated EPS of the Company.

Assuming that any Shares so purchased are retained as treasury shares and resold, the effects on the consolidated earnings of Bonia will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

4.4 Dividends

The Proposed Share Buy-Back is not expected to have any impact on the policy of the Board of Bonia in recommending dividends, if any, to shareholders of Bonia. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Share Buy-Back.

4.5 Substantial shareholders' shareholding

Shares bought back by the Company under the Proposed Share Buy-Back that are retained as treasury shares or cancelled will result in a proportionate increase in the percentage shareholdings of the substantial shareholders in the Company, based on the assumption that Shares purchased under the Proposed Share Buy-Back are from shareholders who are deemed public, and the number of Shares held by the substantial shareholders of Bonia remains unchanged.

5. APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to and conditional upon the approval of the shareholders of the Company at the forthcoming EGM.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings of the Directors and major shareholders of Bonia as a result of the decrease in the issued and paid-up share capital after the Proposed Share Buy-Back, none of the Directors and/or major shareholders and/or person(s) connected to them, has any interest, direct or indirect, in the Proposed Share Buy-Back and the subsequent resale of treasury shares, if any.

7. DIRECTORS' STATEMENT

Your Directors, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company.

8. ADVISER

HwangDBS has been appointed by Bonia as the Adviser in relation to the Proposed Share Buy-Back.

This announcement is dated 25 August 2008.

Table 1 – Effect on Share Capital

The proforma effects of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company are set out below:

	No. of Shares
Share capital as at 20 August 2008	201,571,850
After the Proposed Share Buy-back [^]	20,157,185
Resultant share capital	<u>181,414,665</u>

Note:

[^] *Assuming the Proposed Share Buy-Back is implemented in full i.e. up to 10% of the issued and paid-up share capital of the Company and the Shares purchased are subsequently cancelled.*

The effects of the Proposed Share Buy-Back on the share capital of Bonia will depend on the intention of the Board with regards to the treatment of the purchased Shares. If the purchased Shares are cancelled, it will result in a reduction on the total issued and paid-up share capital of the Company as shown in the table above.

Conversely, if the purchased Shares are retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of Bonia. Nevertheless, certain rights attached to the Shares will be suspended while they are held as treasury shares.