

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

- (I) PROPOSED BONUS ISSUE**
 - (II) PROPOSED SHARE SPLIT; AND**
 - (III) PROPOSED M&A AMENDMENT**
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This announcement is dated 25 April 2014.

1. INTRODUCTION

On behalf of the Board of Directors of Bonia (“**Board**”), AmInvestment Bank Berhad (“**AmInvestment Bank**”) is pleased to announce that the Company proposes to undertake the following:-

- (i) bonus issue of up to 201,571,850 new ordinary shares of RM0.50 each in the Company (“**Bonia Share(s)**”) (“**Bonus Share(s)**”) to be credited as fully paid-up, on the basis of one (1) Bonus Share for every one (1) existing Bonia Share held by entitled shareholders of Bonia on an entitlement date to be determined later (“**Proposed Bonus Issue**”);
- (ii) share split involving the subdivision of one (1) Bonia Share (existing and Bonus Shares) into two (2) ordinary shares of RM0.25 in Bonia (“**Subdivided Share(s)**”) held by the entitled shareholders of Bonia on an entitlement date to be determined later (“**Proposed Share Split**”); and
- (iii) amendments to the Company’s Memorandum and Articles of Association (“**M&A**”) to facilitate the implementation of the Proposed Share Split (“**Proposed M&A Amendment**”).

The Proposed Bonus Issue, the Proposed Share Split and the Proposed M&A Amendment shall collectively be referred to as the “**Proposals**”.

2. PROPOSED BONUS ISSUE

2.1 Basis and Number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of up to 201,571,850 Bonus Shares on the basis of one (1) Bonus Share for every one (1) existing Bonia Share held by shareholders whose name appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board (“**Bonus Issue Entitlement Date**”).

As at 24 April 2014, being the latest practicable date prior to this announcement (“**LPD**”), the issued and paid up the share capital of the Company is RM100,785,925 comprising 201,571,850 Bonia Shares. Upon completion of the Proposed Bonus Issue, the issued and paid up share capital of the Company will be up to RM201,571,850 comprising 403,143,700 Bonia Shares (assuming 507,000 treasury shares are resold prior to the Bonus Issue Entitlement Date).

The Bonus Shares to be issued pursuant to the Proposed Bonus Issue will be issued in a single tranche.

It is proposed that the Proposed Share Split be undertaken after the issuance of the Bonus Shares to be issued pursuant to the Proposed Bonus Issue.

2.2 Capitalisation of reserves

The Proposed Bonus Issue will be effected by way of capitalisation of up to RM100.79 million from the Company's share premium and retained earnings. The Company intends to capitalise the entire share premium before utilising the Company's retained earnings. As the Company does not have sufficient retained earnings, the subsidiaries of Bonia shall declare such dividends to enable Bonia to undertake the Proposed Bonus Issue.

Based on the latest audited consolidated financial statements for the financial year ended ("FYE") 30 June 2013 and unaudited consolidated financial statements for the 6 months financial period ended ("FPE") 31 December 2013, the share premium and retained earnings of Bonia, at both group and Company level, are as follows:

	Audited as at 30 June 2013		Unaudited as at 31 December 2013	
	Company RM'000	Group RM'000	Company RM'000	Group RM'000
Share premium	476	476	476	476
Retained earnings	65,363	201,294	58,985	224,438

In respect of the above, the Board confirms that based on the latest audited consolidated financial statements for the FYE 30 June 2013 and the unaudited financial statements for the 6 months FPE 31 December 2013 and after the receipts of dividends from its subsidiaries, the reserves required for capitalisation of the Proposed Bonus Issue are adequate and unimpaired by losses on a consolidated basis in accordance with paragraph 6.30 (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

2.3 Ranking of Bonus Shares

The Bonus Shares shall upon allotment and issue, rank pari passu in all respects with each other except that they shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Bonus Shares.

For clarification, the Bonus Shares shall be subject to the Proposed Share Split.

2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

3. PROPOSED SHARE SPLIT

The Proposed Share Split entails the subdivision of every one (1) Bonia Share (existing and Bonus Shares) held by the shareholders of the Company whose names appear in the Company's Record of Depositors as at the close of business on an entitlement date to be determined later by the Board ("**Share Split Entitlement Date**") into two (2) Subdivided Shares.

After taking into account the Proposed Bonus Issue, the issued and paid up share capital of the Company will be up to RM201,571,850 comprising 403,143,700 Bonia Shares (assuming 507,000 treasury shares are resold prior to the Bonus Issue Entitlement Date). Upon completion of the Proposed Share Split, the issued and paid up share capital of the Company will be up to RM201,571,850 comprising 806,287,400 Subdivided Shares.

The Subdivided Shares shall, upon allotment and issue, rank pari passu in all respects with each other.

No suspension will be imposed on the trading of Bonia Shares on Bursa Securities for the purpose of implementing the Proposed Share Split. The Subdivided Shares will be listed and quoted on the Main Market of Bursa Securities on the next market day after the Share Split Entitlement Date.

4. PROPOSED M&A AMENDMENT

The Proposed M&A Amendment shall involve the alteration of the authorised share capital of the Company of RM250,000,000 comprising 500,000,000 Bonia Shares to RM250,000,000 comprising 1,000,000,000 Subdivided Shares.

5. RATIONALE FOR THE PROPOSALS

5.1 Proposed Bonus Issue

The Proposed Bonus Issue aims to reward Bonia shareholders for their continuous support. The Proposed Bonus Issue enables Bonia shareholders to have greater participation in the equity of Bonia in terms of number of shares while retaining their percentage of equity interest held.

The Proposed Bonus Issue is also expected to improve the marketability and liquidity of Bonia Shares.

5.2 Proposed Share Split

Pursuant to the Proposed Share Split, the market price of the Bonia Shares will be adjusted downwards correspondingly, resulting in the Subdivided Shares being more affordable which should enable a wider spread of investors to participate in the growth of Bonia.

The Proposed Share Split is also expected to enhance the liquidity and marketability of Bonia's Shares.

5.3 Proposed M&A Amendment

The Proposed M&A Amendment is to facilitate the implementation of the Proposed Share Split.

6. FINANCIAL EFFECTS OF THE PROPOSALS

6.1 Share capital

The proforma effects of the Proposals on the authorised share capital and issued and paid-up share capital of Bonia are as follows:-

	Par Value (RM)	No. of Bonia Shares (000)	(RM'000)
Authorised share capital			
- As at LPD	0.50	500,000	250,000
- After the Proposed M&A Amendment	0.25	1,000,000	250,000
Issued and paid-up share capital			
- As at LPD	0.50	201,571	100,786
- Proposed Bonus Issue	0.50	201,571	100,786
After Proposed Bonus Issue	0.50	403,142	201,571
After Proposed Share Split	0.25	806,284	201,571

6.2 Net assets (“NA”) and Gearing

The Proposed M&A Amendment will not have any effect on the consolidated NA and gearing of the Company.

The proforma effects of the Proposed Bonus Issue and Proposed Share Split on the consolidated NA and gearing of Bonia are as follows:-

	I	II		
	Audited as at 30 June 2013	Adjustment for Dividend Payment after June 2013 ^(a)	After the Proposed Bonus Issue	After I and the Proposed Share Split
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	100,786	100,786	201,571	201,571
Share premium	476	476	-	-
Reserves	(173)	(173)	(173)	(173)
Retained earnings	201,294	191,215	90,906	90,676 ^(b)
Shareholders' equity / NA	302,383	292,304	292,304	292,074
Number of ordinary shares	201,571	201,571	403,142	806,284
NA per share	1.50	1.45	0.73	0.36
Total borrowings	80,845	80,845	80,845	80,845
Gearing (times)	0.27	0.28	0.28	0.28

Notes:-

- (a) After taking into consideration the final dividend of 5 sen per Bonia Share for the FYE 30 June 2013 paid on 6 December 2013.
- (b) After deducting the estimated expenses relating to the Proposals of approximately RM230,000.

6.3 Substantial Shareholders' Shareholding

The Proposed M&A Amendment will not have any effect on the substantial shareholders' shareholding in Bonia.

The Proposed Bonus Issue and Proposed Share Split will not have any effect on the shareholders' percentage (%) equity interest in Bonia. The number of Bonia Shares held by the substantial shareholders of Bonia will increase pursuant to the Proposed Bonus Issue and Proposed Share Split as follows:-

	Existing as at the LPD				(I) After Proposed Bonus Issue				(II) After (I) and Proposed Share Split			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%	No. of Shares (^{'000})	%
Bonia Holdings Sdn Bhd	49,997	24.87	-	-	99,994	24.87	-	-	199,988	24.87	-	-
Freeway Team Sdn Bhd	33,860	16.84	-	-	67,720	16.84	-	-	135,440	16.84	-	-
Milingtonia Limited	14,567	7.24	-	-	29,134	7.24	-	-	58,268	7.24	-	-
Albizia ASEAN Opportunities Fund	14,424	7.17	-	-	28,848	7.17	-	-	57,696	7.17	-	-
Chiang Sang Sem	3,854	1.92	97,986 ^(a)	48.73	7,708	1.92	195,972 ^(a)	48.73	15,416	1.92	391,944 ^(a)	48.73

Note:-

(a) Deemed interested by virtue of:

- (i) shares held in Bonia Holdings Sdn Bhd, Freeway Team Sdn Bhd, Kontrak Kosmomaz Sdn Bhd, SGP Investments Ptd Ltd, Golden Shine Finance Limited,
- (ii) shares held in trust by Able Wealth Assets Ltd (The shareholder of Able Wealth Assets Ltd is HSBC International Trustee Ltd, the trustee of a trust, the beneficiaries of which are Mr Chiang Sang Sem and family members), and
- (iii) his spouse and children's direct interest in Bonia

6.4 Earnings and earnings per share (“EPS”)

The Proposals will not have any material effect on the consolidated earnings of the Bonia Group for the financial year ending 30 June 2014. However, there will be a corresponding dilution in the EPS of the Bonia Group as a result of the increase in the number of shares in issue pursuant to the Proposed Bonus Issue and Proposed Share Split.

6.5 Convertible securities

The Company does not have any other convertible securities in issue.

7. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (i) Bursa Securities, for the following:
 - (a) listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities; and
 - (b) the Proposed Share Split and the listing of and quotation for the Subdivided Shares on the Main Market of Bursa Securities
- (ii) shareholders of the Company at an extraordinary general meeting to be convened; and
- (iii) any other relevant parties/authorities, if required.

The Proposed Bonus Issue is not inter-conditional with Proposed Share Split and Proposed Amendments.

The Proposed Share Split and Proposed Amendments are inter-conditional.

The Proposals are not conditional upon any other corporate exercise being undertaken all to be undertaken by the Company.

8. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

None of the Directors, major shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposals beyond their respective entitlements as shareholders pursuant to the Proposed Bonus Issue and Proposed Share Split, for which all the existing shareholders are also entitled to.

9. DIRECTORS’ STATEMENT

The Board, having considered, among others, the terms and conditions of the Proposals, rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

10. ESTIMATED TIMEFRAME FOR SUBMISSION TO THE AUTHORITIES

The application to Bursa Securities for the Proposals is expected to be submitted within one (1) month from the date of this announcement.

11. ESTIMATED TIME FRAME FOR COMPLETION

The Proposals are expected to be completed by the third (3rd) quarter of 2014.

12. ADVISER

AmInvestment Bank has been appointed as the adviser for the Proposals.