

# Announcement

<b>Subject</b>	:	PARAGON UNION BERHAD ( "THE COMPANY") PROPOSED SHARE PURCHASE MANDATE ("PROPOSED SHARE PURCHASE MANDATE")
<b>Date Announced</b>	:	09/11/2000
<b>Reference No.</b>	:	C&-001109-668CA
<b>Type</b>	:	Announcement
<b>Company Name</b>	:	Paragon Union Berhad
<b>Stock Name</b>	:	Paragon

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## Content:

### 1. INTRODUCTION

The Board of Directors wishes to announce that the Company will be seeking the approval of the shareholders of the Company at an Extraordinary General Meeting ("EGM") to purchase on the Kuala Lumpur Stock Exchange ("KLSE"), up to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company subject to the prevailing laws and relevant regulations, rules and guidelines as may be issued by the relevant authorities and the availability of retained profits and/or share premium reserves (if any) of the Company.

### 2. DETAILS OF THE PROPOSED SHARE PURCHASE MANDATE

The Company proposes to purchase up to a maximum of 7,000,000 ordinary shares of RM1-00 each representing as at to date ten percent (10%) of the issued and paid-up share capital of the Company of 70,000,000 ordinary shares of RM1-00 each, on the KLSE through one or more stockbrokers approved by the KLSE, to be appointed at a later date. The approval from the shareholders for the Proposed Share Purchase Mandate would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Purchase Mandate until the conclusion of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of shareholders of the Company in a general meeting.

The Company may retain the purchased shares as treasury shares, or to cancel the shares purchased or a combination of both. The purchased shares held as treasury shares may either be distributed as share dividends, resold on the KLSE in accordance with the relevant rules of the KLSE or subsequently cancelled. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits or of the share premium reserves of the Company (if any) subject to applicable prevailing laws.

### 3. RATIONALE

The Proposed Share Purchase Mandate if exercised, is expected to potentially benefit the Company and its shareholders as follows:

**3.1** The Company would expect to enhance the EPS of the Company and its subsidiary companies ("the Group") (in the case where the Directors resolve to cancel the shares so purchased and/or retain the shares in treasury and the treasury shares are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;

**3.2** If the shares bought back are kept as treasury shares, it will give the Directors an option to sell the shares so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively, the shares so purchased can be distributed as share dividends to shareholders; and

**3.3** The Company may be able to stabilise the supply and demand of its shares in the open market and thereby supporting its fundamental values.

## **4. FINANCIAL EFFECTS**

### **4.1 Share Capital**

In the event that all the ordinary shares purchased are cancelled, the Proposed Share Purchase Mandate will result in the issued and paid-up share capital of the Company as at to date being reduced from RM70,000,000-00 comprising 70,000,000 ordinary shares of RM1-00 each in the Company to RM63,000,000-00 comprising 63,000,000 ordinary shares of RM1-00 each in the Company.

However, the Proposed Share Purchase Mandate will not have any effect on the issued and paid-up share capital of the Company if all the shares purchased are retained as treasury shares.

### **4.2 Net Tangible Assets (“NTA”)**

The NTA per share of the Company and the Group may be increased or decreased, depending on the purchase prices of the shares to be bought back by the Company. Should the purchase prices exceed the existing NTA per share, the NTA of the remaining shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NTA per share, the resultant NTA per share should increase accordingly. Therefore, the effect on the NTA per share is dependent on the quantum and purchase price of the shares being purchased.

### **4.3 Earnings**

The Proposed Share Purchase Mandate is not expected to have any material impact on the earnings of the Company or the Group. However, the Proposed Share Purchase Mandate, all else being equal, is likely to give rise to an increase in the earnings per share of the Company or the Group due to the resultant reduction in the number of shares in issue.

## **5. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS**

None of the Directors, substantial shareholders and persons connected to the Directors and substantial shareholders has any interest, whether direct or indirect, in the Proposed Share Purchase Mandate and if any, the resale of treasury shares.

## **6. CONDITIONS OF THE PROPOSED SHARE PURCHASE MANDATE**

The Proposed Share Purchase Mandate is conditional upon the approval of the shareholders of the Company at an EGM to be convened and the Memorandum and Articles of Association of the Company being amended accordingly to facilitate the Proposed Share Purchase Mandate.

## **7. DIRECTORS’ RECOMMENDATION**

Your Board of Directors having considered all aspects of the Proposed Share Purchase Mandate is of the opinion that the Proposed Share Purchase Mandate is in the best interest of the Company.