

BONIA CORPORATION BERHAD	
Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): NON RELATED PARTY TRANSACTIONS
Description	Joint Venture Agreement made between Active World Pte Ltd and Bruno Magli S.P.A.

1.0 Introduction

The Board of Directors of Bonia Corporation Berhad (“Bonia” or the “Company”) wishes to announce that its wholly-owned subsidiary, Active World Pte Ltd had on 10 June 2013 entered into a Joint Venture Agreement (“JVA”) with Bruno Magli S.P.A. in respect of:-

- i. the establishment of a joint venture company limited by shares under the Singapore Companies Act named Bruno Magli South East Asia Pte Ltd (“BMSEA”) for the purpose of the sale (wholesale and retail) and marketing of Bruno Magli S.P.A.’s products under the trade name “*Bruno Magli*” in Singapore, Malaysia, Indonesia, Philippines, Vietnam and Thailand (“JV business”); and
- ii. the regulation of their respective responsibilities towards the management of the JV business and the affair of BMSEA.

2.0 Information on the Joint Venture Parties

2.1 Active World Pte Ltd (“AWPL”)

AWPL was incorporated in Singapore under the Companies Act (Cap. 185) with its issued paid-up capital of SGD1,000,000 divided into 1,000,000 ordinary shares of SGD1 each, wholly-owned by Bonia Corporation Berhad. Its principal activity is retail sale of bags, luggage and travel accessories.

2.2 Bruno Magli S.P.A. (“BM”)

BM was incorporated in Italy (entered in the business register of Bologna with No 03289300938), whose registered office is at Via Di Corticella 89/2, 40128 Bologna Bo, Italy, and is an established company in the luxury sector, engaged, among others, in the activity of design, production, promotion, distribution and sale of footwear, leather accessories, bags, ready-to-wear leather clothing and other products, characterized by the “*Bruno Magli*” design.

3.0 Details of the Joint Venture

3.1 Salient Terms of the JVA

- i. The particulars of BMSEA upon the establishment are as follows:-

Company Name	Bruno Magli South East Asia Pte Ltd
Issued and paid-up capital	S\$10.00 divided into 10 ordinary shares of S\$1 each
Equity proportion	AWPL 70% : BM 30%

The Board of Directors of BMSEA shall consist of a minimum of three (3) members, of which two (2) directors (including a managing director) to be nominated by AWPL and one (1) director to be nominated by BM.

- ii. The issued and paid-up capital of BMSEA shall subsequently be increased from S\$10.00 to an amount equivalent to US\$300,000 by way of subscription of new ordinary shares in cash in the agreed equity proportion as follows:-

<u>Shareholder</u>	<u>Equity Proportion</u>
AWPL	70%
BM	30%
Total:	<u>100%</u>

- iii. In the event that BMSEA requires further finance for its operation, such finance shall be provided in the manner as prescribed in the JVA as follows:-
- by way of loans from AWPL and BM in accordance with the agreed proportion of AWPL 70% : BM 30% subject to a maximum aggregate amount of US\$2,000,000; and/or
 - by way of subscription of shares in cash by AWPL and BM in the agreed equity proportion of AWPL 70% : BM 30% subject to a maximum enlarged issued and paid-up capital of BMSEA of an amount equivalent to US\$500,000.
- iv. The loans from AWPL and BM to BMSEA, if any, shall bear an agreed interest rate (as permitted by the applicable law of Singapore) payable in the manner as prescribed in the JVA.
- v. BM has the right to exercise an option to purchase the shares held by AWPL in BMSEA under the JVA in the manner as prescribed therein.
- vi. Pursuant to the JVA, BM and BMSEA have entered into a Franchise Agreement to grant BMSEA the right and licence to carry out the JV business, and to use the proprietary marks under the trade name “*Bruno Magli*” in connection with such business. However, the right to carry on e-commerce activities under the trade name “*Bruno Magli*” worldwide remains with BM. BMSEA may only involve in the relevant e-commerce activity with the consent being obtained from BM in the manner as prescribed in the JVA.
- 3.2 AWPL will finance its share of equity investment in BMSEA by way of internally generated funds.
- 3.3 There are no liabilities, including contingent liability and encumbrances, to be assumed by AWPL arising from the joint venture.

4.0 Rationale, Prospects and Risks Factors

- 4.1 BM has acquired information, experience and know-how in the retail trade of footwear, leather accessories, bags, ready-to-wear leather clothing and other products, which is applied by Bruno Magli Group world-wide in the marketing and sale of “*Bruno Magli*” products.
- 4.2 The joint venture will pave the way for AWPL and BM to be strategic business partners in the wholesaling, retailing, distributing and marketing of BM’s products under the trade name “*Bruno Magli*” in Singapore, Malaysia, Indonesia, Philippines, Vietnam and Thailand. With the BM’s renowned international brand image and high product quality together with Bonia’s strong operation and retail network in the territories, we believe that positive synergies will be derived from the joint venture.

- 4.3 The joint venture will add-on to the Group's wide range of products catering for different target groups as well as the constant change and demands of consumers in the fashion industry. "*Bruno Magli*" products auger well for the Group much seek after advancement up-market range of products which will enhance and complement to the Group's products and brands portfolio.
- 4.4 Bonia does not foresee any material risk factors arising from the joint venture, save for the business and/or operating risks normally associated with the retail industry in which the Bonia Group is already involved. However, the Board shall undertake various market studies, appropriate business strategies and measures to mitigate those risks

5.0 Financial Effects

The joint venture is not expected to have any material impact on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholdings of Bonia for the financial year ending 30 June 2013. However, the joint venture is expected to contribute positively to the future earnings and growth of the Group.

6.0 Highest Percentage Ratio

The highest percentage ratio applicable to the joint venture, calculated pursuant to Rule 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 1.93% based on the audited financial statements of Bonia for the year ended 30 June 2012.

7.0 Approvals Required

The joint venture does not require approvals from the shareholders of Bonia and any relevant government authorities.

8.0 Interests of Directors', Major Shareholders and Persons Connected

None of the Directors and to the best knowledge of the Directors, none of the major shareholders or person connected to them has any interest, direct or indirect in the joint venture.

9.0 Statement by Directors

The Board of Directors of Bonia, having taken into consideration various aspects of the joint venture, is of the opinion that the joint venture is fair and reasonable and in the best interest of Bonia Group.

This announcement is dated 10 June 2013.