

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	Disposal of Properties by Luxury Parade Sdn. Bhd. (wholly-owned subsidiary of Bonia Corporation Berhad) to Future Diversity Sdn. Bhd. (related party)

The Board of Directors of Bonia Corporation Berhad (“BCB” or “Company”) wishes to inform that its wholly-owned subsidiary, Luxury Parade Sdn. Bhd. (“LPSB” or “Vendor”), had on 27 December 2018 entered into separate Sale and Purchase Agreements (respectively, “SPA1”, “SPA2” or collectively, “SPAs” or “Agreements”) with a related party, Future Diversity Sdn. Bhd. (“FDSB” or “Purchaser”) for the disposal of the following properties (collectively, “Properties”) to FDSB for a total cash consideration of RM3,600,000 (“Disposal Price”) (collectively, “Disposal”):

- Property1 – All that leasehold property held under H.S.(D) 72947 PT No. 3865 Mukim Petaling Daerah Kuala Lumpur Negeri Wilayah Persekutuan KL measuring approximately 178 square metres together with a 6-storey shop/office erected thereon with a postal address of No.3, Jalan 8/146 (also known as Jalan Tasik Selatan 8), Bandar Tasik Selatan, 57000 Kuala Lumpur, as detailed in SPA1, and
- Property2 - All that leasehold property held under H.S.(D) 72948 PT No. 3866 Mukim Petaling Daerah Kuala Lumpur Negeri Wilayah Persekutuan KL measuring approximately 178 square metres together with a 6-storey shop/office erected thereon with a postal address of No.5, Jalan 8/146 (also known as Jalan Tasik Selatan 8), Bandar Tasik Selatan, 57000 Kuala Lumpur, as detailed in SPA2.

1. Details of the Disposal

The Disposal entails the disposal by LPSB of the Properties on an as-is-where-is basis free from any and all encumbrances without vacant possession and subject to all other conditions of titles whether express or implied affecting the Properties upon the terms and conditions of the SPA1 and SPA2.

The following are the details of the SPAs parties (“Parties”):

	Vendor	Purchaser
Place of incorporation	Malaysia	Malaysia
Date of incorporation	16 November 1994	12 November 1994
Issued and paid up shares	50,000,000 ordinary shares	50,000 ordinary shares
Principal activity	Property investment	Property investment
Directors	Chiang Sang Sem Datuk Chiang Heng Kieng Chong Chin Look	Chiang Sang Bon ⁽¹⁾ Chew Siew Moy ⁽¹⁾
Shareholders and shareholdings	BCB (100%)	Bonia Holdings Sdn. Bhd. (“BHSB”) (100%) ⁽²⁾

Notes:

- Chiang Sang Bon and Chew Siew Moy are persons connected to Chiang Sang Sem (Founder, Group CEO and Group Executive Director of BCB) and Datuk Chiang Heng Kieng (Non-Independent Non-Executive Director of BCB) by virtue of their family relationship.
- BHSB is a major shareholder of BCB, and a corporation controlled by Chiang Sang Sem. The brothers of Chiang Sang Sem namely Chiang Sang Bon, Datuk Chiang Heng Kieng, Chiang Heng Pang and Chiang Boon Tian are also substantial shareholders of BHSB.

The following are the details of the Properties:

	Property1	Property2
Vendor's acquisition date	10 January 1995	10 January 1995
Vendor's acquisition price	RM1,670,000.00	RM1,670,000.00
Net book value as stated in the Audited Financial Statements of the Vendor for the financial year ended 30 June 2018	RM1,800,000.00	RM1,800,000.00
Market value ⁽¹⁾	RM3,600,000.00	
Disposal Price	RM1,800,000.00	RM1,800,000.00
Existing use	Partially rented with minimal rental income	Partially rented with minimal rental income

Note:

- (1) LPSB had engaged CH Williams Talhar & Wong Sdn Bhd ("CHWTW"), a registered property valuer to conduct valuation on the Properties. CHWTW has adopted a comparison method in arriving at the valuation as detailed in its valuation report dated 14 March 2018 and reported the total market value of both Property1 and Property2 at RM3,600,000.

2. Basis of Arriving at the Disposal Price and Terms of Payment

The Disposal Price was determined after arm's length negotiations by reference to:-

- the original costs of investment of the Properties;
- the net book values of the Properties for the financial year ended 30 June 2018; and
- the market value of the Properties as appraised by the registered property valuer;

and is paid/payable in full by the Purchaser in the following manner:-

- upon execution of the SPAs, the aggregate of the sums of: (i) RM252,000.00 as part payment of the Disposal Price, and (ii) RM108,000.00 as real property gains tax retention sums, has been paid to the Vendor;
- the remaining balance of the Disposal Price of RM3,240,000.00 will be paid by the Purchaser to the Vendor within 3 months from the unconditional date of the SPAs.

3. Salient Terms of the SPAs

Both SPA1 and SPA2 are independent in nature and are not inter-related to each other. For avoidance of doubt, "Property" in this section is referred to as Property1.

The condition precedent of SPA1 is reproduced as follows:

- (1) The Agreement shall be subject to the fulfilment of the following condition precedent within no more than six (6) months ("Stipulated Period" such phrase to include any extended period that the parties may mutually agree) from the date of the Agreement (the date of fulfilment of the condition precedent shall hereinafter be referred to as "the Unconditional Date") In this respect, the parties hereto agree to use their best endeavour to fulfil the said condition precedent, namely, the receipt by the Vendor's Solicitors of the certified true copy of the approval of the State authorities to transfer the said Property from the Vendor to the Purchaser ("Consent" and the State Authority assessing and granting / not granting the Consent is hereinafter called "the Authority").

- (2) The Vendor shall file its application to the Authority at the Vendor's cost and expense within fourteen (14) days from the date of the Agreement, subject to the Purchaser having provided all necessary information and having signed the necessary documents pertaining thereto.
- (3) The Vendor and the Purchaser shall use their respective best endeavours to fulfil the condition precedent herein this Clause set out within the Stipulated Period and to this end, the parties shall furnish such information, supply such documents, and do all such acts and things as may be required to enable all conditions precedent to be fulfilled.
- (4) If any party becomes aware that the condition precedent is incapable of being fulfilled, it shall within fourteen (14) days of receipt of the confirmation of the same notify the other party in writing.
- (5) If the Authority rejects any application for its approval and such rejection affects any of the parties ("Affected Party"), the Affected Party shall, within a period of fourteen (14) days from the date the Affected Party receives notice of such rejection or such other period as the parties may mutually agree in writing, notify the other party in writing of the Affected Party's election to:-
 - (a) appeal to the relevant Authority against the rejection; or
 - (b) rescind the Agreement in which event, the provision of Clause 13 shall apply.
- (6) In the event that the Affected Party elects to appeal against the rejection, the Affected Party shall submit or procure the submission of the appeal to the Authority ("said Appeal") at the Vendor's own cost and expenses within fourteen (14) days from the date the Affected Party receives notice of the rejection or such other period as the parties may mutually agree in writing.
- (7) In the event that the said Appeal against any terms and/or conditions or against any rejection is allowed fully in its terms, the Consent shall be deemed to have been obtained.
- (8) In the event that the said Appeal against any terms and/or conditions or against any rejection is partially allowed or allowed subject to certain terms and/or conditions or not allowed, the following provisions shall apply:-
 - (a) in the case of a partial or conditional allowance of the said Appeal, the Affected Party shall, within a period of fourteen (14) days from the date the Affected Party receives the decision on the said Appeal ("Decision Period" such phrase to include any extension thereof as the parties may mutually agree) notify the other party in writing of the Affected Party's election to:-
 - (i) accept such partial or conditional allowance including any terms and/or conditions attaching thereto, in which case the Consent shall be deemed to have been obtained; or
 - (ii) reject such partial or conditional allowance, in which case the relevant approval shall be deemed not to have been obtained and the Affected Party shall thereafter be entitled but not obligated to rescind the Agreement by notice in writing to the other party, in which event, the provision of Clause 13 shall apply.
 - (b) If the Affected Party fails to notify the other party of its rejection of such partial or conditional allowance within the Decision Period, the Affected Party shall be deemed to have accepted such partial or conditional allowance including any terms and/or conditions attaching thereto, and the relevant approval shall be deemed to have been obtained.
 - (c) in the case of the said Appeal not being allowed, the Affected Party may, within a period of fourteen (14) days from the date the Affected Party receives the decision on the said Appeal or such other period as the parties may mutually agree in writing, rescind the Agreement by notice in writing to the other party, in which event, the provision of Clause 13 shall apply.

- (9) In the event that the decision on the said Appeal has not been received by the last day of the Stipulated Period:-
- (a) either party may rescind the Agreement by notice in writing to the other Party; or
 - (b) the parties may mutually agree in writing to extend the Stipulated Period for a duration to be agreed upon, in which case all references in the Agreement to the Stipulated Period shall be construed as referring to the extended Stipulated Period.

- (10) If any of the conditions precedent herein set out (if more than one) is not fulfilled by the last day of the Stipulated Period, the Agreement *shall ipso facto* cease and determine and all obligations and liabilities of the parties hereunder shall cease to have effect and the Vendor shall within fourteen (14) days from the date of receipt of the notification by the Vendor from the Purchaser refund all monies paid to-date by the Purchaser towards the Purchase Price, free of interest, (in full and without any counter claim or set-off) to the Purchaser, failing which the Vendor shall pay to the Purchaser an agreed interest at the rate of eight per centum (8%) per annum on all such money refundable or payable by the Vendor to the Purchaser from the expiry of the fourteen (14) day period until the date of actual payment of same, and thereafter none of the parties shall have any claim against the other for costs, damages, compensation or otherwise.

The same condition precedent is also applied in SPA2 for Property2.

4. Rationale and Risks Factors

The Disposal will enable BCB to divest these non-performing assets at its book value and generate a net cash of approximately RM3.6 million. The cash inflow from the Disposal will enable BCB Group to pare down its bank borrowing and thereon reduce its gearing.

The completion of the Disposal is conditional upon the conditions precedent under the SPAs as set out in Section 3 of this announcement being fulfilled. There can be no assurance that such conditions precedent will be fulfilled within the timeframe stipulated in the SPAs.

5. Financial Effects

5.1 Share capital and the shareholdings of the substantial shareholders

The Disposal will not have any effect on the issued and paid-up share capital and the shareholdings of the substantial shareholders of the Company as it does not involve any issuance of new ordinary shares or other securities convertible into ordinary share in the Company.

5.2 Net assets ("NA"), NA per share, earning per share ("EPS") and gearing

The Disposal is not expected to have material effect on NA, NA per share, EPS and gearing ratio of the Group for the financial year ending 30 June 2019.

6. Expected gains or losses to the Group

The Properties were disposed at the market value as appraised by CHWTW which is equivalent to their net book values as stated in the Audited Financial Statements for the year ended 30 June 2018 of LPSB. Hence, the Disposal is not expected to have any gain or loss to the Group for the financial year ending 30 June 2019.

7. Intended application of Sale Proceeds

The sale proceeds from the Disposal of RM3,600,000.00 will firstly be applied to repay the outstanding loans of BCB Group and the balance, if any, will be utilised as working capital of BCB Group.

8. Liabilities to be assumed by the Purchaser

Save for the Purchaser's obligation under the SPAs to settle the amount due to LPSB, there are no other liabilities, including contingent liabilities and/or guarantees, to be assumed by the Purchaser arising from the Disposal.

9. Cash or Practice Note 17 Company

The Disposal is not expected to result in BCB becoming a cash company or Practice Note 17 company as defined in Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

10. Highest Percentage Ratio

The highest percentage ratio applicable to the Disposal and calculated pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements based on the audited financial statements of BCB for the financial year ended 30 June 2018 is 0.82%.

Save for the Disposal, the recurrent related party transactions disclosed in the Company's Circular to Shareholders dated 26 October 2018 and approved by its shareholders on 26 November 2018, the related party transactions disclosed in the Company's Audited Consolidated Financial Statements for the financial year ended 30 June 2018 as well as the significant related party transactions disclosed in Company's Quarterly Report on Consolidated Results for the financial period ended 30 September 2018, BCB had entered into a Share Sale Agreement dated 08 May 2018 with Chiang Sang Sem for the disposal of 500,000 ordinary shares in Maha Asia Capital Sdn. Bhd. ("MAC", a wholly-owned subsidiary of BCB) representing 100% equity interest in MAC for a total consideration of RM2,490,990.12 (subject to adjustment) during the twelve (12) months preceding the date of this announcement.

11. Approvals Required

To the best knowledge of the Board of BCB (save for the interested and connected Directors), the Disposal is not subject to the approval of shareholders of BCB save for the approvals of the relevant land office authorities.

The application to the relevant authorities is expected to be submitted within 30 days from the date of the SPAs.

12. Interests of Directors, Major Shareholders and Persons Connected

12.1 The following directors are deemed interested in the Disposal:

- Chiang Sang Sem - by virtue of him being the Founder, Group CEO and Group Executive Director of the Company, a director of LPSB, a major shareholder of BCB with direct interest of 17,381,600 shares or 2.157% and indirect interest of 378,033,004 shares or 46.923% of the total issued share capital of the Company (excluding treasury shares), and a major shareholder of BHSB, and
- Datuk Chiang Heng Kieng – by virtue of him being a Non-Independent Non-Executive Director of the Company, a director of LPSB, and a director cum major shareholder of BHSB.

12.2 The following major shareholders are deemed interested in the Disposal:

- Chiang Sang Sem - by virtue of him being the major shareholders of BCB and FDSB respectively,
- BHSB - by virtue of it being a corporation controlled by Chiang Sang Sem, and
- Freeway Team Sdn. Bhd - by virtue of it being a corporation controlled by Chiang Sang Sem.

12.3 Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Chiang May Ling and Chiang Fong Chyen, being the Directors/Alternate Directors of BCB, are persons connected to Chiang Sang Sem by virtue of their family relationship.

12.4 Accordingly, the interested Director namely Chiang Sang Sem and Datuk Chiang Heng Kieng, and their connected Directors namely Dato' Sri Chiang Fong Yee, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Chiang May Ling and Chiang Fong Chyen, have abstained and will continue to abstain from all board deliberations and voting on the Disposal.

13. Statement by Audit & Risk Management Committee ("ARC")

The ARC of BCB, after having considered all aspects of the Disposal, including the rationale, risk factors and the basis of arriving at the Disposal Price, is of the view that the Disposal is:

- in the best interest of LPSB and BCB;
- fair, reasonable and on normal commercial terms and
- not detrimental to the interest of BCB's minority shareholders.

14. Statement by Directors

The Board of BCB (save for the interested and connected Directors), after having considered all aspects of the Disposal, including the rationale, risk factors and the basis of arriving at the Disposal Price, is of the view that the Disposal is:

- in the best interest of LPSB and BCB;
- fair, reasonable and on normal commercial terms and
- not detrimental to the interest of BCB's minority shareholders.

15. Estimated Time Frame for Completion

Barring any unforeseen circumstances, the Disposal is expected to be completed within 6 months from the date of this announcement.

16. Documents for Inspection

The SPAs and valuation report from CHWTW are available for inspection at the registered office of the Company at No.5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, Wilayah Persekutuan, Malaysia from Monday to Friday (except public holidays) during normal office hours for a period of 3 months from the date of this announcement

This announcement is dated 27 December 2018