BONIA CORPORATION BERHAD ("BONIA" OR "COMPANY")

PROPOSED DEMERGER AND PROPOSED LISTING OF SBG HOLDINGS SDN. BHD. ("SBG") ON THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

1. INTRODUCTION

The Board of Directors of the Company wishes to announce that the Company is contemplating the proposed disposal of the entire shareholdings in SB Directions Sdn. Bhd. ("**SBD**") by Dominion Directions Sdn. Bhd., a wholly owned subsidiary of Bonia, to SBG ("**Proposed Disposal**"); the proposed demerger of SBG, its subsidiaries and SBD upon completion of the Proposed Disposal (collectively, SBG, its subsidiaries and SBD referred to as "**SBG Group**") from Bonia ("**Proposed Demerger**"); and the proposed listing of SBG Group on the LEAP Market of Bursa Securities thereafter ("**Proposed Listing of SBG**"). The Proposed Disposal, Proposed Demerger and Proposed Listing of SBG are collectively referred to as "**Proposals**".

The Proposals comprise:

(i) Proposed Disposal

Proposed disposal of the entire shareholdings in SBD (an indirect wholly owned subsidiary of the Company) by Dominion Directions Sdn. Bhd., a wholly owned subsidiary of Bonia, to SBG for a cash consideration to be determined later;

(ii) Proposed Demerger, which includes the following proposals:

(a) Proposed capitalisation of the dividends to be declared by SBG Group into new ordinary shares in SBG ("**SBG Shares**");

(b) Proposed subdivision of all the resultant ordinary shares in SBG into such number of SBG Shares so that SBG will have the same total number of issued shares as the Company (excluding the Company's treasury shares) to facilitate the Proposed Dividend-in-Specie (which is defined in item (d) below);

(c) Proposed conversion of SBG into a public limited company; and

(d) Proposed distribution of Bonia's entire shareholding in SBG by way of dividend-in-specie on pro-rata distribution to shareholders of Bonia whose names appear on Bonia's Record of Depositors on an entitlement date ("**Entitled Shareholders**") to be determined later ("**Proposed Dividend-in-Specie**").

Upon completion of the Proposed Dividend-in-Specie, the Entitled Shareholders shall hold SBG Shares directly.

(iii) Proposed Listing of SBG

SBG will submit a listing application to Bursa Securities for its listing by way of introduction on the LEAP Market of Bursa Securities. The Proposed Listing of SBG will not entail any fund raising prior to the admission of SBG to the Official List of Bursa Securities.

Further announcement in relation to the Proposals will be made in due course, once the details of the Proposals have been finalised.

2. BACKGROUND INFORMATION ON SBG GROUP

SBG was incorporated in Malaysia on 26 November 2012 under the Companies Act, 1965 as a private limited company and is deemed registered under the Companies Act, 2016. SBG, a wholly owned subsidiary of Bonia, is an investment holding and management services company while its existing subsidiaries are involved in the designing, manufacturing, promoting, marketing, distribution and retailing of Sembonia branded fashion products and SBD is involved in manufacturing and marketing of fashionable goods. The details of the SBG Group are as follows:

Name of Company	Country of Incorporation	Effective Interest in Equity	Principal Activities
SBA Marketing Sdn. Bhd.	Malaysia	100%	Marketing and distribution of fashionable goods and accessories
SB Boutique Sdn. Bhd.	Malaysia	100%	Retailing of leather goods and apparels
SBFW Marketing Sdn. Bhd.	Malaysia	100%	Designing, promoting and marketing of fashionable goods, footwear and accessories
SBM Marketing Sdn. Bhd.	Malaysia	100%	Designing, promoting and marketing of fashionable men's footwear
SBL Marketing Sdn. Bhd.	Malaysia	100%	Designing, promoting and marketing of fashionable leather goods
SB International Sdn. Bhd.	Malaysia	100%	Marketing & distribution of fashionable goods and accessories

Name of Company	Country of Incorporation	Effective Interest in Equity	Principal Activities
SBD	Malaysia	100% ^	Manufacturing and marketing of fashionable goods

^ Upon completion of Proposed Disposal

Based on the latest audited consolidated financial statements of Bonia and its subsidiaries ("**Bonia Group**"), latest audited consolidated financial statements of SBG and its subsidiaries and latest audited financial statements of SBD, all of which for the financial year ended 30 June 2020 ("**FYE 2020**"), on a combined basis, SBG Group recorded a loss after tax position for FYE 2020 and accounts for 9.85% and 14.69% respectively of the total revenue and net assets of Bonia Group for FYE 2020.

3. RATIONALE FOR THE PROPOSALS

The rationale for the Proposals are as follows:

(i) The Proposals will enable Bonia Group (excluding SBG Group) and SBG Group, with distinct brand positioning, market segment, business strategies and focus, to enhance their respective distinctive business profile and visibility to appeal to investing community with different investment objectives;

(ii) The Proposals will enable SBG Group to gain recognition and enhance its corporate stature with a listing status which will assist in its business expansion in the future;

(iii) The Proposals are expected to reward the existing shareholders of Bonia for their continuous support for Bonia and to provide them with an opportunity to invest directly in SBG Group at zero subscription cost; and

(iv) The Proposals will provide SBG Group with direct access to more fund-raising options to fund its business expansion.

4. ADVISERS AND REGULATORY REQUIREMENTS

The respective board of directors of the Company and SBG will appoint relevant advisers for the Proposals (where applicable) in due course.

The Proposals are subject to, amongst others, the approval of the shareholders of Bonia at an extraordinary general meeting to be convened for the Proposals, the approval from Bonia's creditors/lenders for the Proposed Dividend-in-Specie (if required), the approval from SBG Group's creditors/lenders for the proposed capitalisation of dividends to be declared by SBG Group (if required) and the approval of Bursa Securities for the Proposed Listing of SBG.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of the Company as well as persons connected with them have any interest, direct or indirect, in the Proposals, save for their respective entitlements as shareholders under the Proposed Dividend-in-Specie which rights are also applicable on a pro-rata basis to all shareholders of the Company.

This announcement is dated 25 February 2021.