

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	Bonia Corporation Berhad - Share Sale Agreement

1. THE TRANSACTION

The Board of Directors of Bonia Corporation Berhad (“Bonia” or “Company” or “Vendor”, and references to “Bonia Group” or “Group” are to Bonia and our subsidiaries) wishes to inform that the Company had on 21 June 2023, inked a conditional Share Sale Agreement (“SSA” or “Agreement”) with a related party, Remarkable Success Sdn. Bhd. (“RSSB” or “Purchaser”) to dispose 30% of our equity interest (equivalent to 60,298,537 ordinary shares in issue of SBG, “Sale Shares”) held in SBG Holdings Sdn. Bhd. (“SBG”, a wholly-owned subsidiary of Bonia, and references to “SBG Group” is to SBG and its subsidiaries) to RSSB at a disposal consideration of RM17,597,330.00 (“Disposal Consideration”) to be satisfied entirely in cash (collectively, “Disposal”).

The Disposal entails the disposal by Bonia of the Sale Shares to RSSB free from any liens or encumbrances and with all rights attached to the Sale Shares subject to the terms and conditions as contained in the SSA.

After the completion of the Disposal, the Company will still be the controlling shareholder of SBG and will consolidate SBG Group’s financial results with the financial results of the Company.

2. DETAILS OF THE DISPOSAL

2.1 Details of the SSA Parties

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

Particulars	Vendor	Purchaser ⁽¹⁾
Place of incorporation	Malaysia	Malaysia
Date of incorporation	28.08.1991	27.03.2023
Issued and paid-up capital	Amount: RM201,571,850	Amount: RM1
	Unit: 201,571,842 ordinary shares (inclusive of 576,719 treasury shares)	Unit: 1 ordinary share
Principal activity	Investment holding and management company	Investment holding
Director(s)	Chiang Sang Sem ⁽³⁾ Dato’ Sri Chiang Fong Seng ⁽³⁾ Dato’ Sri Chiang Fong Tat ^{(2) & (3)} Chiang May Ling ⁽³⁾ Datuk Chiang Heng Kieng ⁽³⁾ Chong Chin Look Datuk Ng Peng Hong @ Ng Peng Hay Azian Binti Mohd Yusof Law Wei Liang Chiang Fong Xiang (Alternate Director) ⁽³⁾	Dato’ Sri Chiang Fong Tat ^{(2) & (3)}
Existing shareholder(s) and shareholding(s)	Name	Name
	Unit %	Unit %
Remark	Bonia is a public listed company of which all of our ordinary shares in issue are quoted and traded on Bursa Malaysia Securities Berhad	Dato’ Sri Chiang Fong Tat
	Bonia is the registered owner of the entire issued share capital of SBG (equivalent to 200,995,123 ordinary shares in issue of SBG, respectively, “SBG Share” or collectively, “SBG Shares”), and is desirous of selling the Sale Shares to the Purchaser.	RSSB is desirous to undertake the Disposal. Upon completion of the Disposal, the Sale Shares shall be registered in the name of RSSB.

Note(s):

- (1) Source: SSM Corporate Information generated from SSM e-Info Services on 09 June 2023 (SSM = Suruhanjaya Syarikat Malaysia).
- (2) Dato' Sri Chiang Fong Tat is a director and shareholder of Bonia, holding 1,142,238 ordinary shares (equivalent to approximately 0.57%) of the total ordinary shares of Bonia in issue (excluding treasury shares).
- (3) Chiang Sang Sem, Datuk Chiang Heng Kieng, Dato' Sri Chiang Fong Tat, Dato' Sri Chiang Fong Seng, Chiang May Ling and Chiang Fong Xiang have family relationships.
For information only, Dato' Sri Chiang Fong Yee and Chiang Fong Chyen, who had resigned from the Board of Bonia on 01 April 2023, also have family relationships with Dato' Sri Chiang Fong Tat.

2.2 Information on SBG and its subsidiaries

The information on SBG Group is detailed in "Annex A" of this Announcement.

2.3 Original cost of investment and date of investment in SBG

Our original cost of investment in SBG as at the date of this Announcement is as follows:

Date of issuance	No. of SBG Shares	Consideration (RM)	Mode of payment
26 November 2012	2	2	Cash
19 December 2012	24,831,113	24,831,113	Share ⁽¹⁾
27 June 2013	168,885	168,885	Cash
30 September 2021	30,127,100	30,127,100	Share ⁽²⁾
Total	55,127,100	55,127,100	
10 December 2021 ⁽³⁾	200,995,123	55,127,100	N/A

Note(s):

- (1) Being 24,831,113 SBG Shares issued and allotted to our Company as consideration shares in relation to the disposals of certain subsidiaries by our Company to SBG.
- (2) Being 30,127,100 SBG Shares issued and allotted to our Company as a result of the capitalisation of part of the amount owing by SBG to Bonia.
- (3) On 10 December 2021, the total 55,127,100 number of ordinary shares of SBG were subdivided into 200,995,123 SBG Shares. This subdivision merely increased SBG's number of shares in issue without increasing their combined value.

2.4 Liabilities remain with Bonia, or to be assumed by RSSB

Save for the existing corporate guarantees granted by Bonia to the financial institutions of SBG Group in relation to the trade finance facilities made available by them to SBG's subsidiaries for their working capital purposes, there are no other liabilities, including contingent liabilities, remain with Bonia arising from the Disposal.

Existing corporate guarantee granted by Bonia in relation to SBG Group's trade finance facilities are as follows:

	RM'000
1. AmBank Islamic Berhad:	
- Cashline-i facility	500
- Multi trade facilities-i	1,000
2. United Overseas Bank (Malaysia) Berhad:	
- Trade facilities	2,000
Total	3,500

As for RSSB, its obligation under the SSA is to settle the balance of the Disposal Consideration due to Bonia, there are no other liabilities, including contingent liabilities, to be assumed by the Purchaser arising from the Disposal.

2.5 Guarantees to be given by Bonia to RSSB

There are no guarantees to be given by Bonia to RSSB arising from the Disposal.

2.6 Cash company or PN17 company

The Disposal is not expected to result in the Company becoming a Cash Company or a PN17 Issuer as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. BASIS OF AND JUSTIFICATION FOR THE CONSIDERATION, AND TERMS OF PAYMENT

The Disposal Consideration was determined at a willing buyer-willing seller basis after arm's length negotiations by reference to the unaudited net assets of SBG Group as at 30 April 2023 amounting to RM58,657,764.08.

The Disposal Consideration is paid/payable in full by the Purchaser in the following manner:

- a. Deposit: Simultaneous with the execution of the Agreement, the Purchaser has paid to the Vendor the sum of RM1,759,733.00 as deposit and it should be taken as part of the Disposal Consideration upon the completion of the Agreement; and
- b. Balance Disposal Consideration: the remaining RM15,837,597.00 of the Disposal Consideration shall be paid to the Vendor on the Completion Date as defined in the Agreement (ie. the date and time as may be mutually agreed within the Completion Period or Extended Completion Period, as the case may be, as expressed in the Agreement).

4. SALIENT TERMS OF THE SSA

Prior to the delivery of the relevant Form of Transfer of Securities and its ancillary documents to the Purchaser, Bonia shall cause SBG to consolidate its existing ordinary shares in issue of 200,995,123 shares into 55,127,100 ordinary shares. This consolidation merely reduces SBG's number of shares in issue without reducing their combined value.

The pro forma shareholding movement of SBG will be as follows:

Shareholder	As at the date of this Announcement		Post-consolidation		After completion of the Disposal	
	No. of SBG Shares held	%	No. of SBG Shares held	%	No. of SBG Shares held	%
Bonia	200,995,123	100.00	55,127,100	100.00	38,588,970	70.00
RSSB	-	-	-	-	16,538,130	30.00
Total	200,995,123	100.00	55,127,100	100.00	55,127,100	100.00

The other salient terms of the SSA are reproduced in "Annex B" of this Announcement.

5. RATIONALE AND BENEFITS OF THE DISPOSAL

The Disposal is part of the Company's on-going assessment and corporate restructuring exercise for our in-house brands to enhance shareholders' value in the long term.

The Disposal is in line with the Company's strategy and intention to reward and incentivise SBG's member of key senior management based on the performance of SBG Group; and to sharpen the brand positioning and strategic priorities of the Company's flagship brands, i.e. BONIA, BRAUN BüFFEL and SEMBONIA.

The Disposal provides a platform for the Company to share direct risks and rewards with Dato' Sri Chiang Fong Tat (being the sole shareholder of RSSB) in driving the business growth of SBG Group. Dato' Sri Chiang Fong Tat, who has been spearheading SBG Group's business directions and overall strategies and policies to drive the growth and innovation of SBG Group since 2012 and its brands (i.e. SB SEMBONIA and SEMBONIA), has been instrumental to the growth of SBG Group and its brands. The Disposal will also align the interest of Dato' Sri Chiang Fong Tat with the following mid to long-term objectives of SBG Group via his indirect equity participation in SBG:

- to pursue focused and dedicated business strategies to achieve optimal brand positioning, operational efficiency, business growth and market expansion for "SEMBONIA" brand as affordable and quality brand for Executive (managerial level) (36-45 years old) with smart and contemporary brand image;
- to be financially and operationally independent of the Company in the pursue of the above business strategies; and
- drive long-term value enhancement and business sustainability of SBG Group.

6. UTILISATION OF PROCEEDS

As highlighted in Section 1 of this Announcement, the Disposal Consideration of RM17,597,330.00 will be satisfied entirely by cash. Our Company intends to utilise the proceeds of RM17,597,330.00 for general corporate and working capital within 24 months from the receipt date.

7. PROSPECTS AND FUTURE PLANS OF OUR GROUP (POST-DISPOSAL)

The pro forma financial performance of Bonia Group based on the Group's audited consolidated financial statements for FYE 30 June 2022, assuming the Disposal had been completed on 01 July 2021, is as follows:

	Audited FYE2022 ⁽¹⁾ RM'000	Pro forma After the Disposal RM'000
Revenue	369,257	369,257
Gross profit	215,058	215,058
Profit before tax	62,382	62,382
Profit after tax	52,561	52,561
Profit attributable to:		
- Owners of our Company	45,008	43,473
- Non-controlling interest	7,553	9,088
Total	52,561	52,561
Earnings per ordinary share attributable to equity holders of the Company (sen)	22.39	21.63

Note:

(1) Based on the audited financial statements for FYE 30 June 2022, adjusted for the reclassification of SBG Group from discontinuing operation to continuing operation.

Bonia will continue to consolidate SBG Group's financial results upon completion of the Disposal. The Group will drive growth of our flagship brands of BONIA, BRAUN BüFFEL and SEMBONIA via our boutiques and online channels. Our Board believes that the Disposal will not have any material operational and financial impact to the Group.

8. RISKS OF THE DISPOSAL

The Disposal is not expected to materially change the risk profile of the business of the Bonia Group given that SBG remains 70%-owned subsidiary of Bonia. However, there may be additional risk arising from the Disposal as set out below, which is by no means exhaustive:

Non-completion/Deferment of the Disposal

The completion of the Disposal is subject to the conditions precedent set out in the SSA, some of which may be beyond the control of Bonia. In addition, the completion of the Disposal is also subject to payment by the Purchaser to Bonia of the balance of the Disposal Consideration on the completion date as determined in the SSA.

Accordingly, there can be no assurance that the Disposal can be completed as contemplated or in accordance with the estimated timeframe as per Section 15 of this Announcement. In the event any of those conditions precedent is not fulfilled and/or waived, or any failure by the Purchaser to pay to Bonia the balance of the Disposal Consideration on the completion date as determined in the SSA, the SSA will have to be terminated or deferred.

9. FINANCIAL EFFECTS

9.1 Share Capital and Substantial Shareholders' Direct and/or Indirect Shareholdings of Bonia

The Disposal will not have any effect on the share capital and substantial shareholders' shareholdings of Bonia as it does not involve any issuance of new ordinary shares in the Company.

9.2 Net assets ("NA"), NA per share, gearing, and earnings and earnings per share

The pro forma effects of the Disposal on the NA and gearing of Bonia Group based on the audited consolidated statements of financial position as at 30 June 2022 and on the assumption that the Disposal had been effected on that date are as follows:

	Audited As at 30 June 2022 RM'000	Pro forma After the Disposal RM'000
Cash and bank balances	115,286	132,883
Share capital	201,572	201,572
Reserves	196,747	196,747
Shareholders' fund/ net assets attributable to owners of the parent	398,319	398,319
Non-controlling interests	24,831	42,428
Number of shares ('000)	200,995	200,995
Net assets per share attributable to owners of the parent (RM)	1.98	1.98
Total borrowings (RM'000)	80,355	80,355
Gearing (times)	0.20	0.20
Weighted average number of ordinary shares ('000)	200,995	200,995
Basic earnings per ordinary share (sen)	22.39	22.39

9.3 Expected gains or losses to the Bonia Group

The pro forma gain is derived as follows:

	Amount RM'000
Disposal Consideration	17,597
Less: 30% of net assets in SBG Group as at 30 April 2023	(17,597)
Pro forma gain on disposal	-

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 of Bursa Malaysia Securities Berhad based on the audited financial statements of Bonia for the financial year ended 30 June 2022 is 4.42%.

Save for the Disposal, the related party transactions disclosed in the Company's Audited Financial Statements for the financial year ended 30 June 2022 as well as the significant related party transactions disclosed in the Company's Quarterly Report on Consolidated Results for the financial period ended 31 March 2023, neither Bonia nor any of our subsidiaries has entered into any other related party transactions for the preceding 12 months from the date of this Announcement.

11. APPROVALS REQUIRED

To the best knowledge of the Board of Directors of Bonia, the Disposal is not subject to the approval of shareholders of the Company.

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Dato' Sri Chiang Fong Tat is deemed interested in the Disposal by virtue of him being a Director and shareholder of Bonia, and the sole director and sole shareholder of RSSB.

Chiang Sang Sem, Datuk Chiang Heng Kieng, Dato' Sri Chiang Fong Seng, Chiang May Ling and Chiang Fong Xiang, being the Directors and Alternate Director of Bonia, are persons connected to Dato' Sri Chiang Fong Tat by virtue of their family relationships.

Chiang Sang Sem, Bonia Holdings Sdn. Bhd., and Freeway Team Sdn. Bhd. (both are corporations controlled by Chiang Sang Sem), being the major shareholders of Bonia, are also persons connected to Dato' Sri Chiang Fong Tat.

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

For information only, Dato' Sri Chiang Fong Yee and Chiang Fong Chyen, who had resigned from the Board of Bonia on 01 April 2023, are also persons connected to Dato' Sri Chiang Fong Tat by virtue of their family relationships.

13. STATEMENT BY AUDIT & RISK MANAGEMENT COMMITTEE (“ARC”)

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

- in the best interest of Bonia Group;
- fair, reasonable and on normal commercial terms; and
- not detrimental to the interest of Bonia’s minority shareholders.

14. STATEMENT BY DIRECTORS

The Board of Bonia (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 Consideration, is of the view that the Disposal is:

- in the best interest of Bonia Group;
- fair, reasonable and on normal commercial terms; and
- not detrimental to the interest of Bonia’s minority shareholders.

15. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Disposal is expected to be completed within 3 months from the date of this Announcement.

16. DOCUMENTS FOR INSPECTION

The SSA (or a copy thereof) is available for inspection at the Registered Office of the Company at No. 5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from 9.00 am to 5.00 pm from Monday to Friday (excluding public holidays, and days on which the office is closed due to regulations imposed by the Malaysian government to curb the spread of COVID-19 pandemic, if applicable) for a period of 3 months from the date of this Announcement.

This Announcement is dated 21 June 2023.

Information on SBG and its subsidiaries

Unless the context otherwise requires, capitalised terms used in this Annex A shall have the following meanings:

“AFS”	:	Audited financial statements
“Bonia”	:	Bonia Corporation Berhad
“CA2016”	:	Companies Act 2016
“CBM”	:	CB Marketing Sdn. Bhd., a wholly-owned subsidiary of Bonia
“Circular”	:	Bonia’s Circular To Shareholders In Relation To The Proposed Listing Of SBG Holdings Sdn. Bhd. On The LEAP Market Of Bursa Malaysia Securities Berhad dated 22 July 2021, available and downloadable at: https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3176949
“CSS”	:	Chiang Sang Sem, a substantial shareholder of Bonia
“FYE”	:	Financial year ended / ending 30 June, as the case may be
“LAT”	:	Loss after taxation
“LPD”	:	31 May 2023, being the latest practicable date prior to the release of this Annex A
“NA”	:	Net assets
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Proposals”	:	Proposed Demerger and Proposed Listing, collectively as detailed in the Circular
“RD&D”	:	Research, design and development
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“SBG”	:	SBG Holdings Sdn. Bhd., a wholly-owned subsidiary of Bonia
“SBG Group”	:	SBG and its subsidiaries, collectively
“SBG Share” or “SBG Shares”	:	Ordinary share(s) in SBG

1. HISTORY AND BUSINESS

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 CA2016. SBG is principally engaged in investment holding and provision of management services. Its subsidiaries are principally involved in the designing, marketing, manufacturing and retailing of bags, footwear and accessories for both men and women segments under the SEMBONIA brand. The target market for SEMBONIA-branded products is working adults between the ages of 36 and 45 or at managerial level. The brand has been in the market over last 29 years.

The trademark of SB SEMBONIA in Malaysia was registered in May 1994 by CBM. In January 2013, CBM assigned the trademarks of SB SEMBONIA and S SEMBONIA in Malaysia to SB International Sdn. Bhd., which allows SB International Sdn. Bhd. to design, market and retail footwear, bags, luggages and accessories in Malaysia; trademarks of Sb JEANS and SEMBONIA JEANS for bags and accessories in Malaysia; as well as SBJEANS for footwear in Malaysia. Further, SB International Sdn. Bhd. had successfully registered the trademarks of SEMBONIA for, amongst others, footwear, bags, luggages and accessories in Malaysia.

To further expand its presence outside of Malaysia, SBG Group enters into various licensing or sub-licensing agreements with the registered owner or licensee (where applicable) to use trademarks of SEMBONIA outside of Malaysia to enable it to market SEMBONIA-branded range of products outside of Malaysia for a mutually agreed time period. On 01 June 2021, SB International Sdn. Bhd. entered into a Master License Agreement with Bonia International Holdings Pte Ltd (“BIH”), to which BIH grants SB International Sdn. Bhd. with the sole and irrevocable exclusive rights to use trademarks of SEMBONIA and SB SEMBONIA for, manufacture, marketing, distribution and sales of, amongst others, footwear, bags, luggages and accessories worldwide (excluding Malaysia and Singapore) as well as trademark of Sembonia Jeans for footwear in Malaysia. Such arrangement is valid for a tenure of 10 years commencing from 01 June 2021 and subject to a renewal of another period of 10 years or any such longer period as may be agreed between the parties.

On 01 June 2021, SB International Sdn. Bhd. entered into an assignment agreement with Active World Pte Ltd for the assignment of the trademark of Sb SEMBONIA and SB SEMBONIA for, amongst others, footwear, bags, luggages and accessories in Singapore to SB International Sdn. Bhd. with effect from 01 June 2021, as part of SBG Group’s effort to expand into Singapore market.

In 2015, SBG Group launched its own online platform, i.e. <https://sembonia.com/shoponline>, extending its sales channels. At present, SBG Group also markets its products via third-party e-commerce platforms, such as Lazada, Zalora and Shopee.

SBG Group’s revenue by principal market for FYE 2020, FYE 2021, FYE 2022 and 9-month FPE 2023 are as follows:

Principal markets	FYE 2020		FYE 2021		FYE 2022		FPE 2023 (9-month)	
	RM’000	%	RM’000	%	RM’000	%	RM’000	%
Malaysia	33,903	99.77	27,817	99.92	36,077	99.94	26,266	99.99
Singapore ⁽¹⁾	77	0.23	21	0.08	23	0.06	3	0.01
Total	33,980	100.00	27,838	100.00	36,100	100.00	26,269	100.00

Note(s):

(1) Being sales to owner of trademark of Sb SEMBONIA and SEMBONIA in Singapore.

As at the LPD, SBG Group operates via 15 boutiques, 3 premium outlets and 75 departmental store counters in Malaysia.

At present, SBG Group owns a warehouse-cum-office located in Taman Midah, Cheras.

SBG Group’s revenues are derived via the following means:

- (i) Consignment sales
It sells its products at departmental stores in Malaysia on a consignment basis. These departmental stores charge a trade margin on the sales value of products sold at the departmental stores. The net sales (after trade margin) will be paid by the departmental stores to SBG Group on a monthly basis.
- (ii) Retail sales
It sets up and manages boutiques in shopping malls as well as premium outlets, wherein its products are sold directly to end-consumers.
- (iii) E-commerce transaction
It earns sales of its SEMBONIA-branded products via its own and third party online platforms.

2. SHARE CAPITAL

As at the LPD, SBG has an issued share capital of RM55,127,100 comprising 200,995,123 SBG Shares.

Pursuant to the announcements of Bonia dated 25 February 2021, 31 May 2021, 22 July 2021, 11 August 2021, 29 November 2021, and 21 June 2023 in relation to the Proposals, Bonia had decided not to proceed with the Proposals, this includes all the activities relevant to the proposed listing of SBG on the LEAP Market of Bursa Malaysia Securities Berhad which form part of the Proposals as detailed in the Circular of Bonia.

3. DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The directors of SBG (all of whom are Malaysians) and their respective shareholdings in SBG as at the LPD are as follows:

Name	Direct		Indirect	
	No. of SBG Shares	%	No. of SBG Shares	%
CSS	-	-	200,995,123 ⁽¹⁾	100.00
Dato' Sri Chiang Fong Tat	-	-	-	-
Datin Sri Tan Loo Yin	-	-	-	-
Chiang May Ling	-	-	-	-

Note(s):

(1) Deemed interested by virtue of his interests in Bonia Holdings Sdn. Bhd., Freeway Team Sdn. Bhd., Kontrak Kosmomaz Sdn. Bhd., and Able Wealth Assets Ltd pursuant to Section 8 of the CA2016, and his spouse and children's direct interests in Bonia.

By virtue of his substantial interests in Bonia, CSS is also deemed to be interested in SBG Shares to the extent that Bonia has an interest.

4. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The substantial shareholders of SBG and their shareholdings in SBG as at the LPD are as follows:

Name	Country of incorporation/ Nationality	Direct		Indirect	
		No. of SBG Shares held	%	No. of SBG Shares held	%
Bonia	Malaysia	200,995,123	100.00	-	-
Bonia Holdings Sdn. Bhd.	Malaysia	-	-	200,995,123 ⁽¹⁾	100.00
Freeway Team Sdn. Bhd.	Malaysia	-	-	200,995,123 ⁽¹⁾	100.00
CSS	Malaysian	-	-	200,995,123 ⁽²⁾	100.00

Note(s):

(1) Deemed interested by virtue of its shareholdings in Bonia pursuant to Section 8 of the CA2016.

(2) Deemed interested by virtue of his interests in Bonia Holdings Sdn. Bhd., Freeway Team Sdn. Bhd., Kontrak Kosmomaz Sdn. Bhd., and Able Wealth Assets Ltd pursuant to Section 8 of the CA2016, and his spouse and children's direct interests in Bonia.

By virtue of his substantial interests in Bonia, CSS is also deemed to be interested in SBG Shares to the extent that Bonia has an interest.

5. SUBSIDIARIES AND ASSOCIATED COMPANY

SBG has the following subsidiaries as at the LPD:

Name of company	Principal Activities	Share capital RM	Date and place of incorporation	Equity interest held by SBG
SBA Marketing Sdn. Bhd.	Marketing and distribution of fashionable goods and accessories ⁽¹⁾	100,000	20 December 2012, Malaysia	100.00%
SB Boutique Sdn. Bhd.	Retailing of leather goods and apparels	1,000,000	28 July 2006, Malaysia	100.00%
SBFW Marketing Sdn. Bhd.	Designing, promoting and marketing of fashionable goods, footwear and accessories	3,203,000	01 August 2006, Malaysia	100.00%
SBM Marketing Sdn. Bhd.	Designing, promoting and marketing of fashionable men's footwear ⁽¹⁾	400,000	20 December 2012, Malaysia	100.00%
SBL Marketing Sdn. Bhd.	Designing, promoting and marketing of fashionable leather goods	12,497,300	27 July 2006, Malaysia	100.00%
SB International Sdn. Bhd.	Marketing and distribution of fashionable goods and accessories; and Intellectual property management	2,000,000	30 July 2012, Malaysia	100.00%
SB Directions Sdn. Bhd.	Manufacturing and marketing of fashionable goods ⁽¹⁾	500,000	09 April 2003, Malaysia	100.00%

Note(s):

(1) At present, these companies had temporarily ceased their business activities

As at the LPD, SBG does not have any associated company.

6. MATERIAL COMMITMENT

As at the LPD, there is no material commitment incurred or known to be incurred by SBG or SBG Group that is likely to have a material adverse effect on SBG Group's financial position.

7. CONTINGENT LIABILITIES

As at the LPD, the board of directors of SBG is not aware of any contingent liability incurred or known to be incurred by SBG or SBG Group, which upon becoming enforceable, may have a material impact on the financial position of SBG Group.

8. MATERIAL CONTRACT

As at the LPD, SBG Group has not entered into any material contract (being a contract entered into out of the ordinary course of business) within the past 2 years immediately preceding the LPD.

9. MATERIAL LITIGATION

As at the LPD, SBG Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the board of directors of SBG Group is not aware of any proceedings pending or threatened against SBG Group or of any facts likely to give rise to any proceedings, which may materially and/or adversely affect the financial position or business of SBG Group.

10. PRO FORMA EFFECTS OF THE DISPOSAL ON THE NA AND GEARING OF SBG GROUP

	Audited As at 30 June 2022 RM'000	Pro forma After the Disposal RM'000
Share capital	55,127	55,127
Retained earnings	3,574	3,574
Shareholders' funds / NA	58,701	58,701
No. of SBG Shares in issue ('000)	⁽¹⁾ 55,127	⁽¹⁾ 55,127
NA per SBG Share (RM)	1.06	1.06
Total borrowings	-	-
Gearing (times)	-	-

Note(s):

(1) Pro forma post-consolidation number of SBG Shares of 55,127,100 ordinary shares is applied to illustrate the effect of the Disposal on the NA per SBG Share.

11. SUMMARY AND COMMENTARY OF FINANCIAL INFORMATION

The summary of the combined financial information of SBG Group for the FYE 2020, FYE 2021, FYE 2022, 9-month FPE 2022 and 9-month FPE 2023 are as follows:

	FYE 2020 RM'000	FYE 2021 RM'000	FYE 2022 RM'000	FPE 2022 (9-month) RM'000	FPE 2023 (9-month) RM'000
Revenue	33,980	27,838	36,100	21,294	26,269
PBT / (Loss before taxation)	(2,063)	1,145	6,033	2,751	3,653
PAT / (LAT)	(3,087)	813	5,092	2,133	3,207
Shareholders' funds / NA	53,797	53,609	58,701	55,742	57,907
Invested Equity / Share capital	25,000	25,000	55,127	55,127	55,127
Borrowings	-	-	-	-	-
No. of SBG Shares in issue ('000)	25,000	25,000	200,995	200,995	200,995
Basic earnings / (loss) per SBG Share ⁽¹⁾ (RM)	(0.12)	0.03	0.03	0.01	0.02
NA per SBG Share ⁽²⁾ (RM)	2.15	2.14	0.29	0.28	0.29
Current ratio (times)	7.94	10.20	11.75	6.83	6.08
Gearing ratio (times)	-	-	-	-	-

Note(s):

(1) PAT divided by the number of SBG Shares in issue for the financial years under review

(2) NA divided by the number of SBG Shares in issue as at the end of the financial years under review

Brief commentary on the financial performance for the FYE 2020, FYE 2021, FYE 2022, 9-month FPE 2022 and 9-month FPE 2023

During FYE 2021, SBG Group revenue had decreased by 18.8%, from RM33.98 million in FYE2020 to RM27.84 million in FYE 2021. This was primarily due to:

- a. disruption to retail business arising from movement control measures implemented by the Malaysian government to curb COVID-19 pandemic; and
- b. weaker retail market and consumer spending sentiment.

Thereafter in FYE2022, SBG Group reported an increase of 29.68% in revenue to RM36.10 million, mainly attributable to:

- a. store rationalisation exercise to review and discontinue the non-performing departmental store counters and boutique;
- b. increased demand upon reopening of economic activities, and the reinstatement of interstate and international travelling; and
- c. positive consumer sentiment from the one-off special withdrawal of RM10,000 allowed by Employee Provident Fund (“EPF”) for eligible Malaysian in April 2022

Accordingly, SBG Group recorded LAT of RM3.09 million for FYE 2020 mainly due to the Covid-19 pandemic where the nationwide lockdown started in March 2020. In FYE2021, the improvement of PAT to RM0.8 million was mainly due to cost rationalisation exercise undertaken by the management. In FYE2022, further improvement in PAT to RM5.1 million was due to the strong rebound of revenue after the re-opening of economic activities in Malaysia.

For the 9-month period ended 31 March 2023, SBG Group recorded an increase of revenue of 23.3% to RM26.3 million and increase in PAT of 48.5% to RM3.2 million for the current financial period. The lower revenue recorded in prior year was primarily attributable to the pandemic-related restrictions during the first quarter while SBG Group is operating under the normal operating environment throughout this current financial period.

12. COMPETITIVE STRENGTHS AND ADVANTAGES

(i) Established market reputation and positioning

SEMBONIA brand is an established brand which has been trademarked in Malaysia since 1994. At present, the marketing strategies and product designs focus on working adults between the ages of 36 and 45, or at managerial level. As a whole, SBG Group embraces a brand image and concept for its SEMBONIA brand that is “smart and contemporary”, with products that embody quality, practicality and functionality.

In addition, SBG Group ensures its retail presence through boutiques and departmental store counters are strategically located in prime locations. In Malaysia, some of these retail locations are at Genting Sky Avenue, Midvalley Megamall, Mitsui Outlet Park KLIA, Midvalley SouthKey, Pavillion Kuala Lumpur and Johor Premium Outlet. As and when required, SBG Group will also modernise the layout and design of its boutiques to enhance the shopping experience for its customers.

SBG Group believes that this has been the foundation for building its reputation as a fashionable footwear, bags and accessories brand in Malaysia.

(ii) Multi-channel sales network

At present, SBG Group markets and sells SEMBONIA-branded range of products via boutiques, premium outlets, departmental store counters and e-commerce marketplaces. As at the LPD, SBG Group operates via 15 boutiques, 3 premium outlets and 75 departmental store counters in Malaysia.

Over the years, SBG Group has established its own sales and marketing team which is involved directly in, amongst others, sales channel management. SBG Group maintains close rapport with leasing teams of various shopping malls, departmental stores and premium outlets to identify upcoming retail space, conduct surveys to assess foot traffic in these locations to scout promising retail space as well as negotiate tenancy and concessionaire agreement terms with counterparties for its operations.

Such multi-channel sales network has assisted in the growth of SBG Group's business and will continue to provide the platform for SBG Group's growth.

(iii) Constantly undertaking RD&D activities to ensure products are relevant to the latest trends and designs

Footwear, bags and accessories are subject to changes in fashion trends. Thus, SBG Group recognises RD&D to be crucial in attaining competitiveness. SBG Group's RD&D department is tasked to create new designs and collections that are in line with the latest fashion trends. In doing so, the RD&D department constantly monitors new design trends by studying local and international consumer preferences and spending habits.

(iv) Experienced key management team

SBG Group is led by an experienced and committed team of key management personnel headed by Dato' Sri Chiang Fong Tat. All of its key management team personnel possess extensive experience in the key functions of SBG Group including corporate management, marketing, brand management and finance. Their experience, drive and passion for SBG Group's business have been instrumental to SBG Group's vision and growth strategies.

13. FUTURE PLANS AND STRATEGIES

(i) Re-organise and enhance the boutiques and departmental store counters

The management of SBG Group continuously assesses the performances of boutiques and constantly updates and refreshes the boutique layout and product display to enhance consumers' shopping experience at the boutiques. It is believed such efforts will result in improving operational efficiency, better visitors' in-store experience, enhance the brand appeal to targeted consumer group which, in turn, shall drive sales for its products.

(ii) Enhance the online platform to improve the e-commerce shopping experience for the customers and its efficiency in managing the online platform

SBG Group seeks to grow its sales from the online platform. In order to facilitate this growth, SBG Group intends to enhance its online platform with improved functionalities and services.

In particular, SBG Group intends to enhance its back-end systems to improve the efficiency of updating information on its various online channels. This will be carried out through integration of multi-channel e-commerce services with the back-end system. With the use of multi-channel e-commerce services, SBG Group will be able to automatically update the products displayed on the online platform as well as e-commerce marketplaces simultaneously, without having to update each system separately.

In addition, SBG Group intends to invest in a business intelligence system that can transform large sets of raw data gathered from its online platform into meaningful and useful information. By doing so, this will enable SBG Group to better understand the customers and the purchase patterns, which would allow SBG Group to:

- receive actionable information to help with analysis on consumer buying patterns. The information will allow it to undertake predictive modelling, allowing it to better plan for future marketing strategies and improve inventory turnover;
- enhance user experience by customising the types of product listings recommended for the user based on the users' past search history or orders; and
- improve productivity and efficiency to promote products that are high in demand during a particular season or period.

SBG Group thus intends to engage a multi-channel e-commerce service provider as well as source a business intelligence system and other related software to enhance its online platform from third-party service providers.

(iii) Expand the geographical footprint and penetrate the South East Asia market

As at the LPD, all SBG Group's sales are derived from Malaysia. SBG Group thus intends to grow the brand presence in other markets in South East Asia, particularly, Singapore, Indonesia and Vietnam. As it recognises the potential of the e-commerce market, it intends to expand its geographical presence into these markets by developing an online presence in South East Asia.

In order to do so, SBG Group plans to utilise its existing online platform network to attract consumers from overseas market. It also intends to increase its exposure through digital marketing platforms or related marketing channel to garner more traffic and increase brand image awareness to SBG Group's online marketplace.

[End]

Salient Terms of the SSA

All capitalised terms used but not defined herein shall have the meanings set forth in the SSA. All references herein to specific Clauses, Sections, Exhibits, Schedules and Appendices shall be deemed references to Clauses and Sections of, and Exhibits, Schedules and Appendices to the SSA unless the context shall otherwise require.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent

- (1) The parties hereto shall not be obliged to complete the sale and purchase of the Sale Shares until and unless all the Conditions Precedent set out in this Clause have been fully satisfied on or before the expiration of **ONE (1) MONTH** from the date of this Agreement or such other period as may be agreed by the Parties ("**Conditions Precedent Cut-Off Date**") as follows, in no order of priority unless expressly stated:-
- (a) prior to the delivery of the Transfer Documents as stated in Clause 2.5 hereof, the Vendor shall have successfully fully caused the Company to have undertaken a consolidation of its share capital in unit from the Company's current paid-up share capital of 200,995,123 ordinary shares as at the date of this Agreement into a consolidated share capital of 55,127,100 ordinary shares;
 - (b) the Purchaser shall be satisfied with the legal and financial due diligence on the Company that may be carried out by the Purchaser and/or the Purchaser's legal and financial consultants to be appointed by the Purchaser at the Purchaser's sole discretion, cost and expense, and the Vendor shall grant access to all documents and records of the Company and to allow copies to be taken;
 - (c) the Vendor shall have obtained, if not already obtained prior to the date of this Agreement, the necessary approvals from its board of directors approving the execution of this Agreement, the performance of the Vendor's obligations herein and the sale of the Sale Shares to the Purchaser;
 - (d) the Vendor shall have caused to be obtained, if not already obtained prior to the date of this Agreement, the necessary approvals from the Company's board of directors approving the registration of the Sale Shares into the name of the Purchaser; and
 - (e) upon the Vendor having obtained the necessary approvals from the Vendor's board of directors approving the execution of this Agreement, the performance of the Vendor's obligations herein and the sale of the Sale Shares to the Purchaser as stated in Clause 3.1(1)(c), the Vendor shall have caused the Company to obtain the written consent, in principle, from the Company's financier(s), if any, to the intended sale of the Sale Shares to the Purchaser and the appurtenant change of the directors of the Company.
- (2) Each party shall keep the other party notified and updated of the progress of satisfying the Conditions Precedent.
- (3) The Vendor and the Purchaser shall use their respective best endeavours to ensure that the Condition Precedent in Clause 3.1(a) is satisfied before the Conditions Precedent Cut-Off Date. The Vendor shall use its best endeavours to ensure that the Conditions Precedent in Clauses 3.1(c) to (e) are satisfied before the Conditions Precedent Cut-Off Date.

- (4) In respect of any Condition Precedent, the party which is not responsible to obtain the fulfilment of such Condition Precedent is entitled to waive the satisfaction of such Condition Precedent and in such an event, that deciding party shall notify the other party of its decision in writing to waive the satisfaction of such Condition Precedent PROVIDED ALWAYS that in relation to the share consolidation exercise stated in Clause 3.1(1)(a), no waiver thereof shall be made or deemed to have been made save for the mutual agreement of the Vendor and the Purchaser.

7. RESTRICTION ON TRANSFER OF SHARES

7.1 Restriction on Transfer of Shares

Upon the completion of this Agreement (the provisions of this Clause 7 being hereby agreed to by the parties hereto to survive the completion of this Agreement):-

- (a) the parties hereto hereby expressly agree that neither of the parties shall sell, transfer, dispose or assign in any manner all or any portion of their shares in the Company unless the provisions of Clause 7.1(b) hereof have been complied with PROVIDED ALWAYS that nothing in this Clause 7.1(b) shall restrict the Vendor or the Purchaser from selling, transferring, disposing or assigning its shareholdings in the Company to a company of which control is under the Vendor or the Purchaser respectively;
- (b) subject to the provisions of this Agreement and notwithstanding anything to the contrary contained in the Constitution of the Company, the Vendor or the Purchaser (“**Offeror**”) that proposes to sell, transfer dispose or assign any of its shares in the Company (“**Offeror Shares**”) shall first give to the other party (“**Offeree**”) a written notice (“**Offer Notice**”) offering to sell, transfer dispose or assign to the Offeree the Offeror Shares at a price per share stipulated in the Offer Notice (“**Stipulated Price**”) and the Offeree shall be entitled to purchase or accept the transfer, disposal or assignment in all (but not part only) of the Offeror Shares. Once given, an Offer Notice cannot be withdrawn without the prior written consent of the Offeree, if, within **thirty (30) days** from the date of service of the Offer Notice, the offer of the Offeror is:
- (i) accepted by the Offeree, the Offeror shall become bound to sell the Offeror Shares to the Offeree at the Stipulated Price and completion of such purchase or acceptance shall take place at the place of business of the Company at Kuala Lumpur at 10.00 a.m. on the 7th Business Day after the date on which the Offeree accepts the offer and in respect of which the provision of Clause 13 hereof shall then take effect; or
- (ii) not accepted by the Offeree, the Offeror may within **sixty (60) days** thereafter sell, transfer, dispose or assign all (but not some only) of the Offeror Shares to a third party acceptable to the Offeree at a price not less than the Stipulated Price PROVIDED ALWAYS that the Offeree shall have the absolute right to reject such third party if such third party does not have similar standing or similar financial or business expertise and capability with that of the Offeror for participating in the Business;
- (c) the Vendor or the Purchaser shall procure that the directors respectively appointed by them shall exercise their discretion to approve the registration of the share transfer(s) where the transfer is in compliance with the Constitution of the Company; and
- (d) the provisions of Clause 7 shall not apply in the event of an exercise to list the Company for trading on the Malaysian Bourse (or any other stock exchange).

[End]