

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	Bonia Corporation Berhad - Subscription of new ordinary shares in IT SEA Holdings Sdn. Bhd. by Bonia Corporation Berhad

Unless otherwise stated, the abbreviations and definitions used throughout this announcement shall have the same meanings as those previously defined in the Company's announcement dated 19 March 2024 (Reference Number: GAI-19032024-00089) in relation to the LOI-ITSH ("Announcement1").

Further to the Company's Announcement1, the Board of Bonia wishes to inform that the Company had on 09 July 2024, inked a subscription agreement ("SC-Agmt" or "Agreement") with ITSH to formalise the subscription by Bonia of 6,669,231 new ordinary shares ("Subscription Shares") equivalent to or representing 30% of the total enlarged number of issued shares of ITSH (post-BCB-Subscription) at the total subscription consideration of RM7,500,217.18. (collectively, "BCB-Subscription").

1. Details of the parties of the SC-Agmt

The following are the details of the parties of the SC-Agmt ("Parties"):

Particulars	Bonia	ITSH ⁽¹⁾				
Place of incorporation	Malaysia	Malaysia				
Date of incorporation	28.08.1991	07.09.2018				
Issued and paid-up capital	Amount: RM201,571,850	Amount: RM14,450,286.30				
	Unit: 201,571,842 ordinary shares (inclusive of 576,719 treasury shares)	Unit: 14,450,000 ordinary shares				
Principal activity	Investment holding and management company	Retail sale of articles of clothing, articles of fur and clothing accessories Brand(s) carried and Territory: "A Bathing Ape", Malaysia				
Director(s)	Chiang Sang Sem ("CSS") ⁽³⁾ Dato' Sri Chiang Fong Seng ("CFS") ^{(2) & (3)} Dato' Sri Chiang Fong Tat ("CFT") ⁽³⁾ Chiang May Ling ("CML") ⁽³⁾ Datuk Chiang Heng Kieng ("CHK") ⁽³⁾ Chong Chin Look Datuk Ng Peng Hong @ Ng Peng Hay Azian Binti Mohd Yusof Law Wei Liang Chiang Fong Xiang ("CFX") (Alternate Director) ⁽³⁾	Yuen Soon Seng Ta Hui Hean Ta Hui May				
Existing shareholder(s) and shareholding(s)	Name Unit %	Name Unit %				
			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' Chang Kheng Chia	361,250	2.50
				Dato' Chang Kheng Hoe	361,250	2.50
				Ta Hui Hean	2,167,500	15.00
				Ta Hui May	1,445,000	10.00
				Ta Wee Dher	2,890,000	20.00
				Ta Shun Dher	5,794,500	40.10
				CFS ^{(2) & (3)}	1,430,500	9.90
	Total:	14,450,000	100.00			

Note(s):

- (1) Source: SSM Corporate Information generated from SSM e-Info Services on 03 July 2024 (SSM = Suruhanjaya Syarikat Malaysia)
- (2) CFS is the Group Executive Director/CEO and a shareholder of Bonia, holding 6,148,014 ordinary shares (equivalent to approximately 3.06%) of the total ordinary shares of Bonia in issue (excluding treasury shares)
- (3) CSS, CHK, CFT, CFS, CML and CFX have family relationships

2. Information on the subsidiaries and associate of ITSH

The information on the subsidiaries and associate of ITSH as at the date of this announcement is as follows:

No.	Status	Company Name	Place of incorporation	Issued and paid-up capital	Principal activity	Brand(s) carried and Territory
i.	Wholly-owned subsidiary	Bape Cafe Sdn. Bhd.	Malaysia	RM2.00 comprising 2 ordinary shares	Food or beverage, food and beverage preparation in market stalls/hawkers	“Bape Cafe”, Malaysia
ii.	Wholly-owned subsidiary	Aape Sea Sdn. Bhd.	Malaysia	RM2.00 comprising 2 ordinary shares	Retail sale of articles of clothing, articles of fur and clothing accessories	“Aape”, Malaysia
iii.	85%-owned subsidiary	IT SEA Store Sdn. Bhd.	Malaysia	RM100.00 comprising 100 ordinary shares	Retail sale of games and toys, made of all materials	“I.T.”, Malaysia
iv.	70%-owned subsidiary	Infinite 23 Pte Ltd	Singapore	SGD300,000.00 comprising 300,000 ordinary shares	Trading of apparels, shoes and accessories	“Aape”, Singapore
v.	Associate	Infinite 23 Co. Ltd	Thailand	THB1,000,000.00 comprising 10,000 ordinary shares	Retail of articles of clothing, fur and related accessories	“Aape”, Thailand

Note:

All references to “ITSH Group” in this announcement are to ITSH, its subsidiaries and associate

3. Salient Terms of the SC-Agmt

The salient terms of the SC-Agmt are reproduced in “Annex A” of this announcement.

4. Rationale for the BCB-Subscription

As stated in Announcement1, the BCB-Subscription will complement and increase Bonia’s range of product offerings to provide a wider assortment of products to cater for the constant change and demands of the consumers in the fashion retail industry. The BCB-Subscription will add brand names such as “A Bathing Ape”, “Aape”, and the “I.T.” multi-label brand to Bonia Group’s existing suite of brand names. The addition of these established lifestyle fashion brands with strong brand equity offers significant growth opportunities and is in line with Bonia’s long-term business strategy.

ITSH Group, through its renowned brands, has an existing established presence for its products offerings in the lifestyle fashion retail segment. In view of the above, the Board believes that the BCB-Subscription will not cannibalise into Bonia's existing market share in the fashion retail industry but will in turn is expected to widen earnings base of the enlarged Bonia Group and thus eventually enhance Bonia's shareholders value.

Further to the above, the BCB-Subscription is also expected to yield future synergies in terms of procurement and sourcing, distribution channel and leasing of property, which can help businesses grow and expand more quickly.

The Board also believes that diversified portfolio of established brands held by ITSH Group will enable the enlarged Bonia Group to further expand in Malaysia and Southeast Asia region, and to take advantage of the positive outlook of the lifestyle fashion segment.

5. Basis in arriving at the Subscription Consideration

The total subscription consideration of RM7,500,217.18 was determined on negotiated basis, as well as drawing reference to the –

- fair market value of ITSH derived from Discounted Free Cash Flow to Equity methodology (primary valuation methodology), and the value derived from Relative Valuation Approach method-Price Earning Multiple (secondary valuation methodology) as indicated in the independent valuation report issued by M/s Sierac Corporate Advisers Sdn. Bhd. (independent business valuer appointed by Bonia); and
- potential benefits and the future earnings of ITSH.

Also, Bonia had completed and is satisfied at its discretion with the results of the due diligence on the financial and several other affairs of ITSH Group conducted by M/s CSH Capital Advisory Sdn. Bhd. (independent professional appointed by Bonia) for the purpose of the BCB-Subscription.

6. Risk Factors

The BCB-Subscription will expose Bonia Group to risks inherent to the retailing industry, which are broadly similar to those currently faced by the Group.

In addition, there is no assurance that the business of ITSH Group will produce the desired results. ITSH Group's failure to achieve a sustainable growth may impact the financial performance of BCB Group.

Therefore, the Board's expectations of the performance of ITSH Group and the anticipated benefits from the BCB-Subscription are forward looking in nature, and are subject to uncertainties and contingencies. Although the Board holds that its expectations are reasonable at this point of time given the prevailing circumstances, there can be no certainty that such expectations will materialise.

7. Source of Funding

The BCB-Subscription will be satisfied entirely in cash which will be funded through internally generated funds.

8. Liabilities to be Assumed

There are no liabilities, including contingent liabilities and/or guarantees to be assumed by Bonia arising from the BCB-Subscription.

9. Financial Effects

9.1 Share Capital and Substantial Shareholders' Shareholdings

The BCB-Subscription will not have any effect on the share capital and the shareholdings of substantial shareholders of Bonia as the BCB-Subscription does not involve any issuance of shares in the Company.

9.2 Net Assets, Net Assets per share and gearing

The BCB-Subscription will not have any effect on the Net Assets, Net Assets per share and gearing of the Company for the financial year ending 30 June 2025. The total purchase consideration is to be satisfied via internally generated funds which will reduce the cash and bank balances of the Company.

9.3 Earnings and earnings per share ("EPS")

The BCB-Subscription is not expected to have any material effect on the earnings and EPS of our Company for the financial year ending 30 June 2025.

10. Interests of Directors, Major Shareholders and Persons Connected

CFS is the Group Executive Director/CEO and a shareholder of Bonia, holding 6,148,014 ordinary shares (equivalent to approximately 3.06%) of the total ordinary shares of Bonia in issue (excluding treasury shares). He is also a shareholder of ITSH holding 1,430,500 ordinary shares (equivalent to approximately 9.90%) of the total ordinary shares of ITSH in issue.

CSS, CFT, CML, CFX and CHK, being the Directors/Alternate Directors of Bonia, are persons connected to CFS by virtue of their family relationships.

Even though CFS is a common shareholder of Bonia and ITSH, the BCB-Subscription is not regarded as a related party transaction under Paragraph 10.08(11)(d) of the Main Market Listing Requirements as ITSH is not a body corporate associated with CFS by virtue of the total shareholding held by CFS in ITSH is less than 10%. Further, CFS is not a director and has been a passive investor in ITSH.

Notwithstanding the above, for good corporate governance, CFS and his connected Directors namely CSS, CFT, CML, CFX and CHK had voluntarily abstained from deliberation and voting on the BCB-Subscription.

11. Statement by Directors

The Board (save for CSS, CFT, CFS, CML, CFX and CHK), after having considered various aspects of the BCB-Subscription, including the rationale, risk factors and the basis of arriving at the subscription consideration, is of the opinion that the BCB-Subscription is:

- in the best interest of Bonia and our shareholders;
- fair and reasonable; and
- not detrimental to the interest of Bonia's minority shareholders.

12. Highest Percentage Ratio and No Approvals required

The highest percentage ratio applicable to the BCB-Subscription and calculated pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements based on the audited financial statements of Bonia for the financial year ended 30 June 2023 is 4.53%.

Accordingly, to the best knowledge of the Board of Bonia, the BCB-Subscription is not subject to the approval of shareholders of Bonia.

13. Estimated Time Frame for Completion

Barring any unforeseen circumstances, the BCB-Subscription is expected to be completed within 4 months from the date of this announcement.

14. Documents available for inspection

The SC-Agmt is 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 09 July 2024.

Annex A

Salient Terms of the SC-Agmt

All capitalised terms used but not defined herein shall have the meanings set forth in the SC-Agmt. 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 SC-Agmt unless the context shall otherwise require.

3. ISSUANCE AND SUBSCRIPTION OF SUBSCRIPTION SHARES

- 3.1 Subject to the terms and conditions of this Agreement, the Company hereby agrees to allot and issue to the Subscriber free from all Encumbrances and the Subscriber hereby agrees to subscribe for the Subscription Shares and pay the Subscription Price to the Company within Ten (10) Business Days from the date hereof.
- 3.2 The Company shall issue and deliver or cause to be issued and delivered to the Subscriber: (i) the valid share certificate in respect of the Subscription Shares in the name of the Subscriber, and (ii) the Section 51 Register of Members duly lodged with Suruhanjaya Syarikat Malaysia with lodgement evidence within a period of Ten (10) Business Days after payment of the Subscription Price.
- 3.3 The Company hereby undertakes and covenants that the Subscription Shares when allotted and issued shall be free from all Encumbrances whatsoever and that they shall rank pari passu in all respects with the Existing Shares.
- 3.4 The Subscription Shares shall be entitled to such rights and interest as stated in the constitution of the Company and this Agreement. Where there is an inconsistency between a term set out in the constitution of the Company and this Agreement, the terms in this Agreement shall always prevail.

4. REPRESENTATION AND WARRANTIES

- 4.1 The Parties hereby represent, warrant and undertake to the other Party the terms set out in **Schedules 2 and 3**, as the case may be, are true and accurate as at the date hereof and acknowledge that the other Party in entering into this Agreement is relying upon such representations and warranties.
- 4.2 Each of the Warranties shall be separate and independent and save as expressly provided shall not be limited by reference to any other sub-paragraph or anything in this Agreement.
- 4.3 In the event that any claim should arise under this Clause 4, each Party shall notify the other in writing of any information which comes to its notice within seven (7) days of such notice.

5. DEFAULT AND TERMINATION

- 5.1 If any Party shall fail to complete the subscription of the Subscription Shares in accordance with provision set out in this Agreement and/or breaches any of the terms of this Agreement and/or Warranties (“**Defaulting Party**”), then the other Party (“**Non-Defaulting Party**”) shall be entitled to, without prejudice to its other rights and remedies available under law or equity, either: -

- 5.1.1 claim for specific performance of this Agreement; or
 - 5.1.2 terminate this Agreement with a Fourteen (14) day written notice and claim for all losses and damages including all costs and expense incurred by the Non-Defaulting Party pursuant to the negotiation and preparation of this Agreement and any incidental enforcement costs thereto.
- 5.2 Without prejudice to and in addition to Clause 5.1, the Defaulting Party agrees to fully indemnify and hold harmless the against and in respect of any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including reasonable attorneys' fees, that the Non-Defaulting Party may incur or suffer, that arise, result from, or relate to any breach of, or failure by such the Defaulting Party to perform, any of the Defaulting Party's representations, warranties, covenants, or agreements set forth in this Agreement.

[End]