Company Name	:	D'nonce Technology Bhd
Stock Name	:	Dnonce
Type	:	Non Related Party Transaction (Chapter 10 of Listing Requirements of Bursa Malaysia Securities Berhad)
Description	:	Joint Venture Agreement between D'nonce Properties Sdn. Bhd., a wholly-owned subsidiary of D'nonce Technology Bhd and Fajar Simfoni Sdn. Bhd., a wholly owned subsidiary of OCR Group Berhad

1. INTRODUCTION

Pursuant to Paragraph 10.06 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of D'nonce Technology Bhd ("DTB") wishes to announce that D'nonce Properties Sdn Bhd ("DPSB"), a wholly-owned subsidiary of D'nonce Technology Bhd, had on 17 May 2019, entered into a joint venture agreement ("JV Agreement") with Fajar Simfoni Sdn Bhd ("FSSB"), a wholly-owned subsidiary of OCR Group Berhad.

2. INFORMATION ON THE PROJECT

(a) Under the JV Agreement, both parties will jointly develop the Land belonging to Mr Tan Than Kau and Mr Tan Tiang Yang, being the registered and beneficial owners of that piece of vacant land held under Lot No. 10320, GM No. 1496 (formerly PT471, HSM1598), Mukim 10, Seberang Perai Tengah, Pulau Pinang measuring in area 6774 square metre, ("Land"), who had granted an exclusive right to DPSB to develop the said Land into one block of 19-storey affordable apartment with 281 units and 7-Storey car park podium. FSSB will undertake the said development at its own cost and expense, in accordance with the JV Agreement and the Agreed Development Plan on the basis of the Land which is valued at RM10,000,000 only and the agreed Returns payable to DPSB by FSSB in accordance with 2. (b) below.

(b) The agreed returns due and payable by FSSB to DPSB in respect of the Project ("Returns") are to be dealt with in the following manner: -

i) RM100,000.00 only in cash being the deposit and part payment towards the account of the Returns upon execution of the JV Agreement;

ii) RM2,000,000.00 only in cash being part of the agreed Returns payable by FSSB to DPSB upon issuance or receipt of Certificate of Completion and Compliance for the Units in respect of the Projects by FSSB;

iii) RM1,900,000.00 only in cash being part of the agreed Returns payable by FSSB to DPSB upon the delivery of vacant possession of the Units to the purchasers under the Sale and Agreements; and

iv) RM8,000,000.00 only in cash being part of the agreed Returns payable by FSSB to DPSB in six (6) months after the delivery of vacant possession of the Units to the purchasers under the Sale and Agreements. The parties agreed that this payment of RM8,000,000.00 shall be subject to an interest of three per centum (3%) calculated on monthly basis, where such interest shall only accrues after the expiry of six (6) months from the date of execution of the JV Agreement and it shall continue to accrue until such payment is fully satisfied by FSSB.

(c) The Parties further agree that there is no revenue share of sales for either the Project and/or each of the Units between DPSB and FSSB. FSSB shall be solely entitled to the relevant revenue obtained as a result of the Project or sale of the Units.

(d) The gross development value (“GDV”) and gross development costs (“GDC”) of RM85 million and RM72.5 million respectively.

(e) The estimated profit entitlement derived by OCR and DTB from the said joint venture is RM10 million and RM2.5 million respectively after taking into consideration of both parties’ expected return.

(f) The aforesaid Project shall commence on the date of the execution of the JV Agreement (“Commencement Date”) and shall be completed no later than three (3) years from the Commencement Date or such other extended period as may be mutually agreed in writing between the Parties.

3. INFORMATION ON THE JOINT VENTURE PARTIES

3.1 Information on D’nonce Properties Sdn Bhd

DPSB (formerly known as D’nonce Health Science Sdn Bhd) is a private limited company incorporated in Malaysia on 12 March 1998 under the Companies Act, 1965 with an issued share capital of RM2,250,000 comprising of 2,250,000 ordinary shares. DPSB is principally involved in property development and construction businesses.

The Directors of DPSB are Lim Teck Seng and Soo Beng Chong.

3.2 Information on Fajar Simfoni Sdn Bhd

FSSB is a private limited company incorporated in Malaysia on 11 January 2018 under the Companies Act, 2016 with an issued share capital of RM1 comprising of 1 ordinary share. FSSB is currently a dormant company and has not commenced any business operation since the date of its incorporation. The intended principal activities of FSSB are construction, property development, project management and real estate.

The Directors of FSSB are Ong Kah Hoe and Loke Wei Feng.

4. SALIENT TERMS OF THE JV AGREEMENT

4.1 The Key Obligations

(a) DPSB’s key obligations

i) Any outstanding facilities, bank loans and amount owed shall be duly settled by DPSB upon execution of the JV Agreement;

ii) DPSB shall deliver site possession of the Land to FSSB within seven (7) days after the execution of the JV Agreement;

iii) DPSB shall pay and discharge all quit rent, assessments and all other outgoings chargeable against the relevant part of the Land up to and including the date of the delivery of site possession of such part of the Land to the FSSB.
DPSB shall further pay and settle any other costs and expenses previously incurred in respect of the Project up to the date of this Agreement and DPSB shall indemnify FSSB of any damages arising out of or in connection with such failure to make payment;

iv) DPSB represents to FSSB that there are approximately eighty per centum (80%) of the Units has been reserved by potential purchasers and that all the relevant payment or deposits received shall immediately be directed to FSSB upon execution of this Agreement.

v) DPSB cause the Proprietor to execute the tri-partite Sale and Purchase Agreements with the purchasers of the Units and FSSB so long as the Proprietor is the registered owner of the Land;

vi) Upon issuance of separate documents of title to the sub-divided Units, DPSB shall within twenty one (21) days of FSSB's request, cause the Proprietor to execute a valid and registrable (but unstamped) memorandum of transfer of the relevant Unit(s) to the intended purchaser(s) or heir(s) or nominee(s) or permitted assigns or solicitor(s) acting for the intended purchaser(s) in respect of the Sale and Purchase Agreements, and deliver or cause to be delivered to such purchaser(s) or heir(s) or nominee(s) or permitted assigns, as FSSB may direct, the duly executed memorandum of transfer, form of change of name (if applicable), the relevant original separate document(s) of title and any other relevant documents required to effect the transfers and delivery of titles; and

vii) DPSB shall in consideration of the premises and to enable FSSB to undertake the development of the Land in accordance with the terms and conditions of this Agreement hereby appoint FSSB or any of its Directors or officers or nominee the Attorney and Attorneys of DPSB and in its own name or names, or in the name of DPSB and on its behalf and as its act and deed to execute seal and deliver and otherwise perfect and do any deed, assurance, agreement instrument act or thing which may be required herein and with power for such attorney to appoint or remove any substitute or substitutes and DPSB hereby undertakes to ratify and confirm any and everything which any such attorney(s) may do or cause to be done pursuant to this appointment.

(b) FSSB's key obligations

FSSB hereby agrees, covenants and undertakes with DPSB as follows, all at its own cost and expense: -

i) to undertake, execute and complete the Project strictly in accordance with the Agreed Development Plan and the terms and conditions of this Agreement, including but not limited to, designing, planning, application for Development Order from the relevant authorities, constructing, completing and commissioning all Units comprised in the Project, including all Related Infrastructure to cater for and/or suit the needs of the Project and its surroundings and any other Related Infrastructure or other infrastructure as required by any approving Authority;

ii) to adopt the best industry practices and standards commensurate with industry standards currently available in Malaysia in the execution and completion of the Project and to exercise due diligence and care in the development of the Land and the Related Infrastructure thereof;

iii) to be in charge of carrying out the Project including the financing, management, supervision, planning and control over the construction work thereof and the day to day operation of the Project, at its own cost and expense, subject always to the approval of DPSB wherever required under this Agreement;

iv) to ensure the timely transmission to DPSB of all relevant design plans, conceptual drawings and other statements, drawings and documents related to the development of the Project, if required; and

v) to be responsible, at its own costs and expense, for applying for and obtaining the approval for the demolition Works, including but not limited to tearing down, demolishing and removing of the hostels and the existing building structures currently situated or erected on the Land.

4.2 Events of breach or defaults by DPSB

(a) DPSB is in breach of or fails to perform or observe any of its obligations, covenants, stipulations and undertakings under this Agreement, and where such breach is remediable, DPSB has failed to remedy such breach or failure within such time as may be requested by FSSB not exceeding thirty (30) days, by notice in writing to that effect;

(b) if a petition is presented (unless otherwise disputed in good faith), an order is made, an effective resolution passed or legislation enacted for the winding up (other than a voluntary winding up for the purpose of reconstruction or amalgamation not in circumstances of insolvency) of DPSB, or if a receiver and/or manager is appointed of DPSB's undertaking or part thereof;

(c) DPSB is unable to pay its debts within the meaning of the Companies Act 2016 or stops payment of its debts generally or commences negotiations with its creditors with a view to a general readjustment or rescheduling of its debts or compounds or enters into any arrangement with or makes any assignment for the benefit of its creditors or attempts to do any of the foregoing (except as part of or pursuant to a scheme of reconstruction or amalgamation not in circumstances of insolvency); or

(d) an execution or distress or other process of a court of competent jurisdiction be levied upon or issued or enforced against DPSB's undertaking / assets, and such execution, distress or other process as the case may be, is not satisfied or challenged bona fide by DPSB within seven (7) days from the date thereof.

4.3 Events of breach or defaults by FSSB

(a) FSSB or any of FSSB's agent or servant, the Professional Team fails to complete any section of the Project in accordance with the Agreed Development Plan under the terms of this Agreement;

(b) FSSB and/or any of the Professional Team, Contractors or Assignee breaches any of the provisions, or fails to perform any of the terms, conditions and/or obligations stipulated in this Agreement, which has a material adverse effect on DPSB or the Project and, where such breach is remediable, failure to take the relevant steps necessary to remedy the same upon notice of not less than thirty (30) days being given by DPSB;

(c) if a petition is presented (unless otherwise disputed in good faith), an order is made, an effective resolution passed or legislation enacted for the winding up (other than a voluntary winding up for the purpose of reconstruction or amalgamation not in circumstances of insolvency) of FSSB and/or the Assignee, or if a receiver and/or manager is appointed of FSSB's and/or the Assignee's undertaking or part thereof;

(d) FSSB and/or the Assignee is unable to pay its debts within the Companies Act 2016 or stops payment of its debts generally or commences negotiations with its creditors with a view to a general readjustment or rescheduling of its debts or compounds or enters into any arrangement with or makes any assignment for the benefit of its creditors or attempts to do any of the foregoing (except as part of or pursuant to a scheme of reconstruction or amalgamation not in circumstances of insolvency);

(e) an execution or distress or other process of a court of competent jurisdiction be levied upon or issued or enforced against FSSB's and/or the Assignee's undertaking / assets, and such execution, distress or other process as the case may be, is not satisfied or challenged bona fide by FSSB and/or the Assignee within seven (7) days from the date thereof;

(f) there is a suspension of work and/or construction in respect of any part of the Project whether solely due to, or contributed to by, the default of FSSB and/or its Assignees;

(g) there are any disputes involving FSSB and/or any shareholders or directors of FSSB affecting DPSB and/or the Project in any manner whatsoever prior to the completion of the Project; or

(h) FSSB, through negligence or wilful misconduct, damages the integrity and reputation of DPSB.

5. RATIONALE FOR THE JOINT VENTURE

The Joint Venture represents an opportunity for DTB to further capitalise on its experience and expertise in property development to develop the Land. This bodes well with the Company's strategy to grow its property development segment either through acquisition of land bank or joint ventures with landowners.

6. RISK FACTORS

The Joint Venture is subject to the fulfilment of conditions precedent of the JV Agreement. There is no assurance that the conditions precedent of the JV Agreement will be fulfilled.

The Joint Venture may be subject to normal operational risks inherent in the property development business.

7. EFFECTS OF THE JOINT VENTURE

The Joint Venture is not expected to have any impact on the issued share capital of the Company.

The Joint Venture is not expected to have any material effect on the issued share capital, net assets and earnings of the Company for the coming financial year ending 31 December 2019.

Notwithstanding that, the Project is expected to contribute positively to the future earnings of DTB once the Project commences and starts to generate returns over a period of 3 years.

8. APPROVALS REQUIRED

The Joint Venture is not subject to the approval of the shareholders of DTB or any regulatory authorities.

9. PERCENTAGE RATIOS

The highest percentage ratio applicable pursuant to paragraph 10.02(g) of the Listing Requirements is approximately 13.4%, based on the latest audited consolidated financial statements of the Company for the financial period ended 31 December 2018.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Lim Teck Seng is the Executive Director and shareholder of DTB with a direct interest of 1.04% in shares of DTB, and also a Non-Independent Non-Executive Director of OCR Group Berhad.

Save as disclosed above, none of the directors and/or major shareholders of DTB and/or persons connected with them have any interest, direct or indirect, in the Joint Venture.

11. DIRECTORS' STATEMENT

After taking into consideration the benefits expected to be accrued by DTB from the Project, the Board of Directors is of the opinion that the Joint Venture is in the best interest of DTB.

12. DOCUMENTS FOR INSPECTION

The JVA is available for inspection at the registered office of DTB at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours on Mondays to Fridays (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 17 May 2019.